

BEAUFORT WEST MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended
30 June 2008

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 99, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 24 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

J BOOYSEN
Municipal Manager

24 November 2008
Date

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BEAUFORT WEST MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008
OTHER INFORMATION

Nature of Business	Beaufort West Municipality is a local municipality performing the functions as set out in the Constitution.(Act no 105 of 1996)
Country of Origin and Legal Form	South African local municipality as defined by the Municipal Structures Act (Act no 117 of 1998)
Management	J Booysen - Municipal Manager D Louw - Chief Financial Officer J C L Smit- Directot Engineering Services A C Makhendlana- Director Community Service R E Van Staden - Director Electrical Service PDe V Strumpher- Directot Corporate Service (Acting)
Principal Bankers	Absa Bank, Beaufort West
Auditors	Auditor-General
Attorneys	Crawford Attorneys, Beaufort West
Registered Office	112 Donkin Street Beaufort West 6970
Relevant Legislation	Municipal Finance Management Act (Act no 56 of 2003) Division of Revenue Act The Income Tax Act Value Added Tax Act Municipal Structures Act (Act no 117 of 1998) Municipal Systems Act (Act no 32 of 2000) Municipal Planning and Performance Management Regulations Water Services Act (Act no 108 of 1997) Housing Act (Act no 107 of 1997) Municipal Property Rates Act (Act no 6 of 2004) Electricity Act (Act no 41 of 1987) Skills Development Levies Act (Act no 9 of 1999) Employment Equity Act (Act no 55 of 1998) Unemployment Insurance Act (Act no 30 of 1966) Basic Conditions of Employment Act (Act no 75 of 1997) Supply Chain Management Regulations, 2005 Collective Agreements Infrastructure Grants SALBC Leave Collective Agreement

BEAUFORT WEST MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2008

	Note	2008 R	2007 R
NET ASSETS AND LIABILITIES			
Net assets		114 512 423	107 577 872
Housing Development Fund	2	3 256 012	3 683 532
Capital replacement reserve	3	2 132 031	1 904 961
Capitalisation reserve	3	2 323 035	2 586 059
Government grant reserve	3	91 368 015	85 148 021
Donations and Public Contribution Reserve	3	1 648 707	-
Self Insurance Reserve	3	325 478	279 721
Accumulated Surplus/(Deficit)		13 459 144	13 975 578
Non-current liabilities		11 592 807	10 068 391
Long-term liabilities	4	8 769 879	9 029 347
Non-current provisions	5	2 822 928	1 039 044
Current liabilities		21 424 668	27 109 448
Consumer deposits	6	733 576	786 896
Provisions	7	1 303 442	792 660
Trade payables	8	6 616 442	3 294 146
Unspent conditional grants and receipts	9	8 395 693	15 174 902
Taxes	10	2 714 236	2 831 460
Cash and cash equivalents	11	-	3 137 375
Current portion of long-term liabilities	4	1 661 280	1 092 009
Total Net Assets and Liabilities		147 529 898	144 755 711
ASSETS			
Non-current assets		112 723 607	103 267 491
Property, plant and equipment	12	110 663 806	101 479 515
Investment property	13	1 653 943	1 713 310
Intangible Assets	14	358 026	6 832
Long-term receivables	15	47 832	67 834
Current assets		34 806 292	41 488 220
Inventory	16	1 384 745	1 284 988
Trade receivables from exchange transactions	17	16 025 456	16 632 814
Other receivables from non-exchange transactions	18	2 442 484	3 340 415
Unpaid conditional grants and receipts	9	-	89 681
Taxes	10	-	-
Current portion of long-term receivables	15	10 242	49 691
Cash and cash equivalents	11	14 943 365	20 090 631
Total Assets		147 529 898	144 755 711

BEAUFORT WEST MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008			
		Actual	
	Note	2008 R	2007 R
REVENUE			
Revenue from Non-exchange Transactions		74 443 008	42 404 632
Taxation revenue		11 969 210	11 125 881
Property rates	19	11 969 210	11 125 881
Transfer revenue		47 594 401	23 903 527
Government grants and subsidies	20	47 594 401	23 903 527
Other revenue		14 879 396	7 375 224
Fines	App "E (1)"	14 879 396	7 375 224
Revenue from Exchange Transactions		43 582 146	42 809 165
Property rates - penalties imposed and collection charges	App "E (1)"	1 478 625	1 068 666
Service charges	21	38 281 020	38 091 024
Rental of facilities and equipment	App "E (1)"	635 535	650 506
Interest earned - external investments	App "E (1)"	1 295 203	448 427
Interest earned - outstanding debtors	App "E (1)"	-	-
Licences and permits	App "E (1)"	531 861	529 061
Income for agency services	App "E (1)"	435 873	444 001
Other income	22	924 027	1 577 482
Total Revenue		118 025 154	85 213 798
EXPENDITURE			
Employee related costs	23	32 524 540	28 152 999
Remuneration of Councillors	24	2 429 294	2 824 441
Bad debts	25	4 648 823	1 650 000
Collection costs		241 692	214 446
Depreciation	12	8 946 604	7 466 082
Amortisation - Intangible Assets	14	-	129 803
Repairs and maintenance		9 638 850	6 113 216
Interest paid	26	1 309 776	1 208 574
Bulk purchases	27	11 169 532	10 378 648
Contracted services		7 330 435	390 724
Grants and subsidies paid	28	3 960 014	3 946 135
Operating Grant Expenditure		22 218 293	1 784 004
Impairment Losses		332 469	-
General expenses	29	7 347 377	9 115 496
Total Expenditure		112 097 701	73 374 567
Surplus for the year		5 927 453	11 839 230
Loss on disposal of property, plant and equipment	33	-	(165 918)
Gain on disposal of property, plant and equipment	33	1 007 098	2 174 223
NET SURPLUS/(DEFICIT) FOR THE YEAR		6 934 551	13 847 535
Refer to Appendix E(1) for explanation of variances			

BEAUFORT WEST MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 R	2007 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other	33	112 335 830	87 722 952
Cash paid to suppliers and employees	33	(97 231 457)	(69 125 773)
Cash generated from/(utilised in) operations	33	15 104 373	18 597 179
Interest received	33	1 295 203	448 427
Interest paid	33	(1 309 776)	(1 208 574)
NET CASH FROM OPERATING ACTIVITIES		15 089 800	17 837 031
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	12	(18 129 851)	(12 068 739)
Proceeds on disposal of fixed assets	12,33	1 065 420	2 174 223
(Increase)/Decrease in Intangible Assets	14	(351 194)	(6 832)
(Increase)/Decrease in long-term receivables	15	59 450	255 311
NET CASH FROM INVESTING ACTIVITIES		(17 356 175)	(9 646 036)
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/(repaid)	4	309 803	(689 376)
Increase/(Decrease) in consumer deposits	6	(53 320)	13 211
NET CASH FROM FINANCING ACTIVITIES		256 483	(676 165)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(2 009 891)	7 514 830
Cash and cash equivalents at the beginning of the year	34	16 953 256	9 438 427
Cash and cash equivalents at the end of the year	34	14 943 365	16 953 256
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(2 009 891)	7 514 830

BEAUFORT WEST MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2008

	<u>Pre-GAMAP Reserves and Funds R</u>	<u>Housing Development Fund R</u>	<u>Capital Replacement Reserve R</u>	<u>Capitalisation Reserve R</u>	<u>Government Grant Reserve R</u>	<u>Donations and Public Contributions Reserve R</u>	<u>Self Insurance Reserve R</u>	<u>Revaluation Reserve R</u>	<u>Accumulated Surplus/ (Deficit) R</u>	<u>Total R</u>
2007										
Balance at 30 June 2006	-	3 962 423	-	2 644 108	77 238 678	-	251 322	-	7 416 013	91 512 544
Change in accounting policy - See Note 31.3	-	-	-	-	-	-	-	-	3 872 934	3 872 934
Restated balance	-	3 962 423	-	2 644 108	77 238 678	-	251 322	-	11 288 947	95 385 478
Net surplus/(deficit) for the year	-	-	-	-	-	-	-	-	13 847 535	13 847 535
Transfer to/from CRR	-	-	2 172 512	-	-	-	-	-	(2 172 512)	-
Property, plant and equipment purchased	-	-	(267 550)	-	-	-	-	-	267 550	-
Capital grants used to purchase PPE	-	-	-	-	11 533 372	-	-	-	(11 533 372)	-
Contribution to Insurance Reserve	-	-	-	-	-	-	37 285	-	(37 285)	-
Insurance claims processed	-	-	-	-	-	-	(8 885)	-	8 885	-
Transfer to Housing Development Fund	-	(278 891)	-	-	-	-	-	-	278 891	-
Asset disposals	-	-	-	-	(156 485)	-	-	-	156 485	-
Offsetting of depreciation	-	-	-	(64 540)	(3 648 967)	-	-	-	3 713 507	-
Balance at 30 June 2007	-	3 683 532	1 904 961	2 579 568	84 966 598	-	279 721	-	15 818 632	109 233 013
2008										
Correction of error - Note 32.4	-	-	-	6 491	181 423	-	-	-	-1 843 055	-1 655 142
Restated balance	-	3 683 532	1 904 961	2 586 059	85 148 021	-	279 721	-	13 975 578	107 577 872
Net surplus/(deficit) for the year	-	-	-	-	-	-	-	-	6 934 551	6 934 551
Transfer to/from CRR	-	-	2 520 728	-	-	-	-	-	(2 520 728)	-
Property, plant and equipment purchased	-	-	(2 293 658)	-	-	-	-	-	2 293 658	-
Capital grants used to purchase PPE	-	-	-	-	12 722 643	1 648 707	-	-	(14 371 350)	-
Contribution to Insurance Reserve	-	-	-	-	-	-	322 301	-	(322 301)	-
Insurance claims processed	-	-	-	-	-	-	(276 544)	-	276 544	-
Transfer to Housing Development Fund	-	-427 520	-	-	-	-	-	-	427 520	-
Asset disposals	-	-	-	-	(7 504)	-	-	-	7 504	-
Offsetting of depreciation	-	-	-	(263 024)	(6 495 144)	-	-	-	6 758 168	-
Balance at 30 June 2008	-	3 256 012	2 132 031	2 323 035	91 368 015	1 648 707	325 478	-	13 459 144	114 512 423

BEAUFORT WEST MUNICIPALITY

ACCOUNTING POLICY

PREPARED
30 June 2008

1. Summary of significant accounting policies for the year ended 30 June 2008

The principal accounting policies applied in the preparation of these financial statements are set out below and are consistent with those applied in the previous year unless otherwise stated.

1.1 Basis of preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.

The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GAMAP 4	The Effects of Changes in Foreign Exchange Rates
GAMAP 6	Consolidated financial statements and accounting for controlled entities
GAMAP 7	Accounting for Investments in Associates
GAMAP 8	Financial Reporting of Interests in Joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Asset
GAMAP 6, 7 and 8 have been complied with to the extent that the requirements in these standards relate to the municipality's separate financial statements. ¹	

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with certain of the above mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual financial statements.

The municipality has elected to early adopt AC 135 which is exempt in terms of General Notice 522 dealing with investment property except to the extent that disclosure of the fair value of investment property and additional disclosure regarding the fair value of investment property [Paragraph 79(e)(i) – (iii)] are required.

The municipality has elected to early adopt AC 116 dealing with Employee Benefits.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 3 (Accounting Policies, Changes of Accounting Estimates and Errors):

- *Identification and impact of GRAP standards that have been issued but are not yet effective and changes to accounting policies. [Paragraphs 14, 19 and 30-31]*

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of AC 142 (Non-current Assets held for Sale and Discontinued Operations):

- *Classification, measurement and disclosure of non-current assets held for sale. [paragraphs 6-14, 15-29 (in so far as it relates to non-current assets held for sale), 38-42]*

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 109 (Construction Contracts) in its entirety.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 140 (Business Combinations) in its entirety.

1.2 Presentation currency

These annual financial statements are presented in South African Rand.

1.3 Going concern assumption

These annual financial statements are prepared on the basis that the municipality will remain a going concern for the foreseeable future.

1.4 Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 115 (Segment Reporting) and AC 146 (Operating Segements).

1.5 Foreign currency transactions

The Municipality will not incur a foreign currency liability other than that allowed by the MFMA.

1.6 Housing Development Fund

The Housing Development Fund was established in terms of Section 15(5) and 16 of the Housing Act, (Act 107 of 1997), which came into operation on 1 April 1998, requires that the municipality maintain a separate housing operating account. Loans from National and Provincial Government used to finance housing developments undertaken by the Municipality were extinguished on 1 April 1998 and transferred to the Housing Development Fund.

The Housing Act also requires in terms of Section 14(4)(d)(ii)(aa) read with, *inter alia*, Section 16(2) that the net proceeds of any rental, sale of property or alienation, financed previously from government housing funds, be paid into a separate operating account and be utilised by the Municipality for housing development subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the creation and utilisation of the Housing Fund:

- The proceeds in this fund are utilised for housing developments in accordance with the National Housing Policy and also for housing development projects approved by the MEC.
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.
- Any surplus / (deficit) on the Housing Statement of Financial Performance must be transferred to the Housing Development Fund.

1.7 Reserves

1.7.1 Capital Replacement Reserve (CRR)

In order to finance the future provision of infrastructure and other items of property, plant and equipment from internal sources amounts are transferred out of the accumulated surplus/(deficit) into the Capital Replacement Reserve (CRR) in terms of a Council resolution. The cash allocated to the CRR can only be utilised to finance items of property, plant and equipment. The following provisions are set for the creation and utilisation of the CRR:

- The cash, which backs up the CRR, is invested until it is utilised. The cash may only be invested in accordance with the investment policy of the municipality.
- Interest earned on the CRR investment is recorded as part of total interest earned in the Statement of Financial Performance. The total interest earned on all the CRR investments of the municipality is transferred to the CRR.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and may not be used for the maintenance of these items.
- The proceeds from the disposal of property, plant and equipment must be transferred to the CRR.
- The CRR is reduced and the accumulated surplus/(deficit) credited with corresponding amounts when the funds are utilised.
- The amounts transferred to the CRR are based on the Municipality's need to finance future capital projects.

- The Council determines the annual contribution to the CRR.

1.7.2 Capitalisation Reserve

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus/(deficit) in terms of a directive (budget circular) issued by National Treasury.

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.7.3 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from Government Grants.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.7.4 Public Contributions and Donations Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Public Contributions and Donations Reserve equal to the Public Contributions and Donations Reserve recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Public Contributions and Donations Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges

that will be incurred over the estimated useful life of the item of property, plant and equipment financed from Public Contributions and Donations.

When an item of property, plant and equipment financed from Public Contributions is disposed, the balance in the Public Contributions and Donations Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.7.5 Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. Land and buildings will be revalued in the 2008/09 financial year and revalued every four years thereafter. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/(deficit). On disposal the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on current values, are credited or charged to the Statement of Financial Performance.

1.7.6 Self Insurance Reserve

A Self Insurance Reserve has been established and, subject to external insurance where deemed necessary, covers claims that may occur. Premiums are charged to the respective services taking into account claims history and replacement value of the insured assets.

- *Contributions to the fund by Business Units are transferred via the Statement of Changes in Net Assets to the reserve in line with amounts budgeted for in the operating budget. The contributions to the reserve are charged to the Business Units based on the previous year's insured value of the assets under their control.*
- *The Council determines annually to contribute to the Self Insurance Reserve..*
- *The total amount of insurance premiums paid to external insurers are regarded as expenses and must be shown as such in the Statement of Financial Performance. These premiums do not affect the Self Insurance Reserve.*
- *Claims received from external insurers are recognised as revenue in the Statement of Financial Performance.*
- *Claims received to meet repairs of damages on assets are reflected as income in the statement of financial performance.*
- *Repair and replacement costs not fully covered by external insurance are financed from the insurance reserve. The repair and replacement cost is regarded as an expense and is reflected in the Statement of financial performance. An amount equal to the expense is transferred from the Insurance Reserve to the Unappropriated Surplus via the Statement of changes in net assets.*
- *Amounts paid on behalf of employees in respect of medical costs for injuries sustained whilst on duty are regarded as expenses and are recorded in the Statement of Financial Performance when incurred. An amount equal to these expenses is transferred from the Insurance*

Reserve to the Unappropriated Surplus account via the Statement of Changes in Net Assets.

1.8 Financial Instruments

Financial instruments carried in the Statement of Financial Position include cash and cash equivalents, investments, accounts receivable, accounts payable and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire or have been transferred and the Municipality has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when it is extinguished, i.e. when the contractual right is discharged, cancelled or expires.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 144 (Financial Instruments: Disclosure). For AC 133 (Financial Instruments: Recognition and Measurement) the initial measurement of financial assets and liabilities at fair value is exempted. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]

1.9 Leases

1.9.1 Lessee Accounting

Amounts held under finance leases are initially recognised as assets of the Municipality at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Municipality's policy on borrowing costs.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Municipality will not incur a foreign currency lease liability other than that allowed by the MFMA.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 105 (Leases) with regards to the recognition of operating lease payments / receipts on a straight line basis if the amount is recognised on the basis of the cash flows in the lease agreement. [SAICA Circular 12/06 paragraphs 8-11 and paragraphs 33, 34, 50, 51 of AC 105]

1.9.2 Lessor Accounting

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return to the Municipality's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.10 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for the intended use or sale, added to the costs of these assets, until such time as the assets are substantially ready for their intended use of sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of financial performance in the period in which they are incurred.

1.11 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Financial Performance over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Municipality has the unconditional right to defer settlement of the liability for at least 12 months after the date of the Statement of Financial Position.

1.12 Provisions

A provision is recognised when the municipality has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

1.13 Employee Benefits

(a) Pension obligations

The Municipality operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension

plan under which the Municipality pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated bi-annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) *Post Retirement Medical obligations*

The Municipality provides post-retirement healthcare benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation, are charged or credited to the Statement of Financial Performance over the expected average remaining working lives of the related employees. These obligations are valued every third year by independent qualified actuaries.

1.14 Trade Payables (Creditors)

Trade payables and other receivables are originally carried at fair value and subsequently remeasured at amortised cost using the effective interest method

1.15 Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the basic salary of the employee.

1.16 Unutilised Conditional Grants

Unutilised conditional grants are reflected on the Statement of Financial Position as a creditor – Unutilised conditional grants. They represent unspent government grants, subsidies and contributions from the public. This creditor always has to be backed by cash. The following provisions are set for the creation and utilisation of this creditor:

- The cash, which backs up the creditor, is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.
- Whenever an asset is purchased out of the unutilised conditional grant an amount equal to the cost price of the asset purchased is transferred from the Unutilised Conditional Grant into the statement of financial performance as revenue. Thereafter an equal amount is transferred on the Statement of changes in net assets to a Government Grant Reserve. This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the Unutilised Conditional Grants. The Government Grant Reserve is used to offset depreciation charged on assets purchased out of the Unutilised Conditional Grants.

1.17 Value Added Tax

The Council accounts for Value Added Tax on the payments basis.

1.18 Property Plant and Equipment

Land and buildings held for use in the production or supply of goods and services, or for administrative purposes, are stated in the Statement of Financial Position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluation will be performed in the 2008/09 financial year and then every four years thereafter when the municipal valuation roll is updated.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a Revaluation Reserve in the Statement of Changes in Net Assets. Decreases that offset previous increases of the same asset are charged against the Revaluation Reserve directly in the Statement of Changes in Net Assets; all other decreases are charged to the Statement of Financial Performance. Each year the difference between depreciation based on the revalued carrying amount of the asset is

charged to the Statement of Financial Performance and depreciation based on the asset's original cost is transferred from the Revaluation Reserve to the Accumulated Surplus/ (Deficit).

Depreciation on revalued land and buildings is charged to the Statement of Financial Performance. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the Revaluation Reserve is transferred directly to the accumulated surplus / deficit.

Incomplete construction work is stated at historic cost. Depreciation only commences when the asset is commissioned into use.

All other property, plant and equipment are stated at historical cost less depreciation and any accumulated impairment losses. Historical cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Municipality's accounting policy.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the municipality and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Financial Performance during the financial period in which they are incurred.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and buildings under construction over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis. The depreciation rates are based on the following estimated useful lives:

	Years		Years
1 Infrastructure		2 Other	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
<u>Community</u>		Specialised plant and	
Improvements	30	Equipment	10-15
Recreational Facilities	20-30	Other plant and	
Security	5	Equipment	2-5
		Landfill sites	15

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised (net) in the Statement of Financial Performance. When revalued assets are sold, the amounts included in the Revaluation Reserve are transferred to the Accumulated Surplus/(Deficit) directly in the Statement of Changes in Net Assets.

Heritage assets, which are defined as culturally significant resources are not depreciated as they are regarded as having an infinite life. Land is also not depreciated for the same reason.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 17 (Property, Plant and Equipment):

- *Review of useful life of item of PPE recognised in the annual financial statements. [Paragraphs 59-61 and 77]*
- *Review of the depreciation method applied to PPE recognised in the annual financial statements. [Paragraphs 62 and 77]*
- *Impairment of non-cash generating assets. [Paragraphs 64-69 and 75(e)(v) – (vi)]*
- *Impairment of cash generating assets. [Paragraphs 63 and 75(e)(v) – (vi)]*

1.19 Investment Property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost. Subsequent to initial recognition investment properties are shown at cost less accumulated depreciation. Investment property is depreciated on a straight line basis over the estimated useful life of investment property. The estimated useful life of the investment property is 30 years.

The Minister of Finance has, in terms of General Notice 522 of 2007 exempted compliance with the following requirements of AC 135 (Investment Property):

- *Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised investment property in terms of this standard. [Paragraphs 79(e)(i) – (iii)].*

1.20 Intangible Assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of AC 129 (Intangible Assets):

- *The entire standards except for the recognition, measurement and disclosure of the computer software and website costs (AC 432) and all other costs were expensed.*

1.21 Impairment of Tangible and Intangible Assets

At each Statement of Financial Position date the municipality reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the municipality estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Financial Performance, unless the asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a Revaluation Reserve increase.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with AC 128 (Impairment of Assets) in its entirety.

1.22 Financial Assets

The Municipality classifies its financial assets in the following categories: loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the date of the Statement of Financial Position. They arise when the Municipality provides money for goods or services directly to a debtor with no intention of trading the receivable and are initially recognized at fair value and subsequently carried at amortised cost using the effective interest method, less provision for impairment.

1.23 Inventories

Inventories consist of consumables and are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values. Consumables are written down with regard to their age, condition and utility.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 12 (Inventories):

- *The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17.*

1.24 Trade and other Receivables

Trade receivables are recognised initially at originating cost and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (50% of more than 90 days overdue) are considered indicators that the trade receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance. When a trade receivable is uncollectible, it is written off in terms of the municipality's Credit Control and Debt Collection Bylaw. Subsequent recoveries of amounts previously written off are credited against to the Statement of Financial Performance.

1.25 Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

1.26 Revenue Recognition

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been done. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised

as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly.

Service charges from sewerage and sanitation for residential and business properties are levied monthly based on a fixed tariff.

Interest and rentals are recognised on a time proportion basis.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Interest earned on investments is recognised in the Statement of Financial Performance on a time proportionate basis that takes into account the effective yield on the investment. Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- Interest earned on unutilised conditional grants is allocated directly to the unutilised conditional grant creditor, if the grant conditions indicate that interest is payable to the funder.

Revenue from the sale of goods is recognised when **all** the following conditions have been satisfied:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised

Revenue from non-exchange transactions

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of GAMAP 9 (Revenue):

- *Initial measurement of fair value discounting all future receipts using an imputed rate of interest. [SIACA Circular 09/06 and paragraph 12]*

Conditional Grants and Receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

The Minister of Finance has, in terms of General notice 522 of 2007 exempted compliance with the following requirements of AC 134 (Accounting for Government Grants):

- *Entire standard excluding paragraphs 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraphs 42 – 46 of GAMAP 9.*

1.27 Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.28 Unauthorised Expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29 Irregular Expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31 Rounding

The amounts reflected in the financial statements of the Municipality are all in Rand, and all amounts are rounded off to the nearest Rand.

	2008 R	2007 R
2 HOUSING DEVELOPMENT FUND		
Housing Development Fund	3 256 012	3 683 532
Loans extinguished by Government on 1 April 1998	<u>3 256 012</u>	<u>3 683 532</u>
Total Housing Development Fund Assets and Liabilities	<u>3 256 012</u>	<u>3 683 532</u>
The above balances are represented by cash of R53 501 and is invested together with the other investments of the municipality (See Notes 11)		
3 NETT ASSET RESERVES		
RESERVES	97 797 266	89 918 762
Capital Replacement Reserve	2 132 031	1 904 961
Capitalisation Reserve	2 323 035	2 586 059
Government Grant Reserve	91 368 015	85 148 021
Donations and Public Contribution Reserve	1 648 707	-
Self Insurance Reserve	325 478	279 721
Sub-total	<u>97 797 266</u>	<u>89 918 762</u>
Total Nett Asset Reserve Assets and Liabilities	<u>97 797 266</u>	<u>89 918 762</u>
4 LONG-TERM LIABILITIES		
Annuity Loans - At amortised cost	9 009 843	9 231 646
Correction on Assets funded out of Long-term Liabilities (VAT was included) - Note 32.1		(7 000)
	<u>9 009 843</u>	<u>9 224 646</u>
Capitalised Lease Liability - At amortised cost	1 421 316	896 710
Total Long-term Liabilities - At amortised cost (excluding Short-term)	<u>10 431 159</u>	<u>10 121 356</u>
Less : Current portion transferred to current liabilities	(1 661 280)	(1 092 009)
Annuity Loans	<u>(979 826)</u>	<u>(772 129)</u>
Lease Liabilities	<u>(681 454)</u>	<u>(319 880)</u>
Total Long-term Liabilities - At amortised cost	<u>8 769 879</u>	<u>9 029 347</u>
Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the above-mentioned notice		
<ul style="list-style-type: none"> Financial Instruments: Recognition and Measurement (AC133) Initially measuring financial assets and liabilities at fair value. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133] Financial Instruments: Disclosure (AC144) Entire standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998. Leases (AC 105) Recognising operating lease payments / receipts on a straight line basis if the amount is recognised on the basis of the cash flows in the lease agreement. [SAICA Circular 12/06 paragraphs 8-11 and paragraphs 33, 34, 50, 51 of AC 105] 		
The obligations under finance leases are scheduled below:		
Amounts payable under finance leases:		
Payable within one year	814 577	410 351
Payable within two to five years	<u>791 064</u>	<u>641 083</u>
	<u>1 605 641</u>	<u>1 051 433</u>
Less: Future finance obligations	(184 326)	(154 724)
Present value of lease obligations	<u>1 421 316</u>	<u>896 710</u>
Less: Amounts due for settlement within 12 months	<u>(681 454)</u>	<u>319 880</u>
Amount due for settlement after 12 months	<u>739 862</u>	<u>576 830</u>
Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance leases.		
Assets with a net book value of R1 341 453 (2007: R872 906) serves as security for the leases.		
5 NON-CURRENT PROVISIONS		
Medical/Retirement Fund	2 742 898	996 560
Long-service	<u>80 030</u>	<u>42 484</u>
Total Non-Current Provisions	<u>2 822 928</u>	<u>1 039 044</u>
The movement in the non-current provisions are reconciled as follows: -		
30 June 2008	Medical/ Retirement fund	Long-service
Balance at beginning of year	996 560	42 484
Transfer to current provision	-	-
Expenditure incurred	-	-
Contributions to provision	1 746 338	37 546
Transfer from current provisions	-	-
Balance at end of year	<u>2 742 898</u>	<u>80 030</u>
30 June 2007		
Balance at beginning of year	1 000 000	65 783
Transfer to current provision	-536 000	-44 660
Expenditure incurred	-	-
Contributions to provision	-	-
Transfer from current provisions	532 560	21 361
Balance at end of year	<u>996 560</u>	<u>42 484</u>

NON-CURRENT PROVISIONS

2008
R

2007
R

Provision for Post Employment Health Care Benefits

The Municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the Municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continuation member of such medical aid fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee.

Contributions over 3 years (2008, 2009, 2010) will be made by Beaufort West Municipality to the Post Employment Health Care Benefit plan, to recognise the full accrued liability. The contributions will be a expenditure under Statement of Financial Performance.

The Post Employment Health Care Benefit plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members
Continuation members (e.g. retirees, widows, orphans)

55
28

55
28

Total Members

83

83

The liability in respect of past service has been estimated to be as follows:

In-service members
Continuation members

2008

2 589 761
7 206 934

2007

2 579 761
7 196 934

Total Liability

9 796 695

9 776 695

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
Hosmed
LA Health
Munimed, and
Pro Sano
SAMWU Medical Aid

The Future-service Cost for the ensuing year is estimated to be R216 000, whereas the Interest- Cost for the next year is estimated to be R761 000.

Key actuarial assumptions used:

i) Rate of interest

Discount rate
Health Care Cost Inflation Rate
Net Effective Discount Rate

%

8.00%
5.75%
2.13%

%

8.00%
5.75%
2.13%

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year
Current service cost
Interest Cost
Benefits Paid
Total expenses
Actuarial (gains) / losses
Present value of fund obligation at the end of the year

9 776 695

761 000
200 000
(536 000)
425 000
(405 000)
9 796 695

Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 7 employees were eligible for Long Service Bonuses.

The Future-service Cost for the ensuing year is estimated to be R3 000, whereas the Interest- Cost for the next year is estimated to be R6 000.

Reconciliation of present value of fund obligation:

Past Service Contractual Liability - 30 June 2007
Service Cost
Interest Cost
Contribution payments
Subtotal - 30 June 2008

71 030
3 000
6 000
-
80 030

6 CONSUMER DEPOSITS

Electricity, Water & Cleansing

733 576

786 896

Total Consumer Deposits

733 576

786 896

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

Guarantees held in lieu of Electricity and Water Deposits

22 615

26 655

7 PROVISIONS

Performance Bonuses
Current portion of rehabilitation of landfill sites provision - Note 4
Current portion of Medical/ Retirement Fund provision - Note 4
Current portion of long-service bonus provision - Note 4
Total Provisions

267 442
500 000
536 000
-
1 303 442

212 000
-
536 000
44 660
792 660

Performance bonuses accrue to employees on an annually basis, subject to certain conditions. The provision is an estimate of the amount due to staff at the reporting date.

The movement in current provisions are reconciled as follows: -

	<u>Current portion Medical/ Retirement Fund</u>	<u>Current portion Landfill Site</u>	<u>Current portion Long-service</u>
30 June 2008			
Balance at beginning of year	536 000	-	44 660
Contributions to provision	-	500 000	-
Expenditure incurred	-	-	-44 660
Balance at end of year	536 000	500 000	-
30 June 2007			
Balance at beginning of year	532 560	-	21 361
Transfer from non-current	-532 560	-	-21 361
Contributions to provision	536 000	-	44 660
Expenditure incurred	-	-	-
Balance at end of year	536 000	-	44 660
		<u>Performance Bonuses</u>	<u>Total Provisions</u>
30 June 2008			
Balance at beginning of year		212 000	792 660
Contributions to provision		262 640	762 640
Expenditure incurred		-207 199	-251 859
Balance at end of year		267 442	1 303 442
30 June 2007			
Balance at beginning of year		190 762	744 683
Transfer from non-current		-	-553 921
Contributions to provision		212 000	792 660
Expenditure incurred		-190 762	-190 762
Balance at end of year		212 000	792 660
8 TRADE PAYABLES			
<u>Sundry Payables</u>			
Other Creditors		4 489 996	1 540 939
Payments received in advance		140 636	213 893
Sundry deposits		-	-
		4 630 633	1 754 832
Trade Payables transferred to Unspent Conditional Grants & Receipts (Incorrectly disclosed previous year 2007) - Note 9			(73 516)
Employee Benefit Liabilities			
Staff Leave		1 985 809	1 612 830
Total Trade Payables		6 616 442	3 294 146
Payables being paid within 30 days are being recognised net of discounts.			
9 CONDITIONAL GRANTS AND RECEIPTS		R	R
<u>Conditional Grants from other spheres of Government</u>			
Unspent Conditional Grants and Receipts		7 839 140	15 090 751
Unspent Conditional Public Contributions		556 553	10 634
Trade Payables transferred to Unspent Conditional Grants & Receipts (Incorrectly disclosed previous year 2007) - Note 8			73 516
Total Unspent Conditional Grants and Receipts		8 395 693	15 174 902
Unpaid conditional grants and subsidies transferred from Other receivables from non-exchange transactions - Note 18		-	89 681
Total Unpaid Conditional Grants and Receipts		-	89 681
Total Conditional Grants and Receipts		8 395 693	15 085 220
See appendix "F" for reconciliation of grants from other spheres of government. These amounts are invested in a ring-fenced investment until utilised and approximate its carrying value. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised (Note 21). No grants were			
10 TAXES			
VAT payable		-	-
VAT payable transferred from Trade Payables - Note 8		-	-
VAT payable		2 714 236	2 831 460
VAT receivable - Note 17		-	-
VAT is payable on the payments basis. Only once payment is received from debtors is VAT paid over to SARS.			
11 CASH AND CASH EQUIVALENTS			
<u>Assets</u>			
Call Investment Deposits		12 991 238	20 080 681
Primary Bank Account (Cashbook balance)		1 941 777	-
Cash Floats		10 350	9 950
Total Cash and Cash Equivalents - Assets		14 943 365	20 090 631
<u>Liabilities</u>			
Primary Bank Account (Overdraft cashbook balance)		-	3 137 375
Total Cash and Cash Equivalents - Liabilities		-	3 137 375
The deposits are ring fenced in order to finance the Capital Replacement Reserve, the Housing Development Fund and Unspent Conditional Grants and Receipts			
(See note 2, 3 and 9) The effective interest rate for call investment deposits were 10.2% (2007: 6.5%). (See note 2, 3 and 9) The effective interest rate for the primary bank account was 0.3% (2007: 0.3%).			
The Municipality has the following bank accounts: -			

CASH AND CASH EQUIVALENTS - Continued

Current Account (Primary Bank Account)

ABSA - Account Number 40 5053 8936 (Primary Account)
ABSA - Account Number 4050684777
ABSA - Account Number 1540150288

**2008
R**

**2007
R**

Current Account (Primary Bank Account)

Cashbook balance at beginning of year
Cashbook balance at end of year

-3 137 375
1 941 777

-5 987 351
-3 137 375

Bank statement balance at beginning of year
Bank statement balance at end of year

1 165 556
3 033 715

788 313
1 165 556

SBR Housing Account (Absa Bank Beaufort West - Account Number: 40 5068 4777)

Cash book balance at beginning of year
Cash book balance at end of year

-426 449
2 266

-838 411
-426 449

Bank statement balance at beginning of year
Bank statement balance at end of year

-376 456
2 591

-802 731
-376 456

IDT Housing Account (Absa Bank Beaufort West - Account Number: 15 4015 0288)

Cash book balance at beginning of year
Cash book balance at end of year

-34 601
7 985

-35 224
-34 601

Bank statement balance at beginning of year
Bank statement balance at end of year

15 399
7 481

18 808
15 399

13 INVESTMENT PROPERTY

Net Carrying amount at 1 July

Cost
Accumulated Depreciation

Acquisitions
Depreciation

Cost
Accumulated Depreciation

Net Carrying amount at 30 June

Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the notice.

• Investment Property (AC 135) Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised investment property in terms of this standard. [Paragraphs 79(e)(i) -

Revenue to the amount of R 241 921 was earned from the Investment Properties.

2008
R

2007
R

1 713 310	1 713 310
1 869 615	1 869 615
(156 305)	(156 305)
-	-
(59 367)	-
1 653 943	1 713 310
1 869 615	1 869 615
(215 671)	(156 305)
1 653 943	1 713 310

14 INTANGIBLE ASSETS

Cost

Balance 1 July 2007

Transferred from Property, Plant and Equipment - At cost - Note 32.6
Acquisitions for the year - At cost

Less: Accumulated Amortisation
Balance 1 July 2007

Transferred from Accumulated Depreciation - At cost - Note 32.9
Accumulated Amortisation for the year

Total Intangible Assets

The Municipality transferred Intangible Assets (Computer Software) from Property, Plant and Equipment. The cost and accumulated amortisation were restated for the 2007 financial year.- Note 32.9

Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the notice.

• Intangible Assets (AC 129) The entire standards except for the recognition, measurement and disclosure of the computer software and website costs (AC 432) and all other costs were expensed.

487 828	136 634
136 634	-
-	136 634
351 194	-
(129 803)	(129 803)
(129 803)	(129 803)
-	-
358 026	6 832

15 LONG-TERM RECEIVABLES

Staff Car Loans - At amortised cost
Cripple Care Loans - At amortised cost
Agriculture Association loans - At amortised cost

Less : Current portion transferred to current receivables

Staff Car Loans
Cripple Care Loans
Agriculture Association loans

Less: Provision for Bad Debts

Total Long-term receivables

VEHICLE LOANS

Vehicle loans are not granted to officials or the municipality. The outstanding amount relates to prior years and is still collectable. Senior staff were entitled to car loans which attract interest at 8% per annum and which are repayable over a maximum period of 6 years. These loans are repayable in the year 2008.

CRIPPLE CARE

Association loans are not granted to officials or the municipality. The outstanding amount relates to prior years and is still collectable. Association were entitled to loans which attract interest at 1% per annum and which are repayable over a maximum period of 30 years. These loans are repayable in the year 2026.

AGRICULTURE ASSOCIATION

Association loans are not granted to officials or the municipality. The outstanding amount relates to prior years and is still collectable. Association were entitled to loans which attract interest at 8.5% per annum and which are repayable over a maximum period of 20 years. These loans are repayable in the year 2012.

Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the above-mentioned notice

• Financial Instruments: Recognition and Measurement (AC133) Initially measuring financial assets and liabilities at fair value. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]

• Financial Instruments: Disclosure (AC144) Entire standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998.

16 INVENTORY

Consumable stores – at cost
Water – at cost

Total Inventory

Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2)b of the notice

• Inventories: The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17.

1 328 504	1 242 309
56 241	42 679
1 384 745	1 284 988

17	TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS	2008 R	2007 R
	Rates	-	4 631 714
	Water	2 431 303	4 602 183
	Electricity	1 358 098	2 048 778
	Housing Rentals	135 889	459 206
	Refuse	1 613 238	2 880 966
	Sanitation	3 191 218	5 746 835
	Other Arrears	17 043 728	13 426 419
		<u>25 773 473</u>	<u>33 796 100</u>
	Rates transferred to Other Receivables from non-exchange transactions - Note 18	-	(4 631 714)
	Total : Trade receivables from exchange transactions	<u>25 773 473</u>	<u>29 164 386</u>
	Less : Provision for bad debts	(9 748 017)	(14 520 940)
	Provision for bad debts on Rates transferred to Other Receivables from non-exchange transactions - Note 18	-	1 989 368
	Total	<u>16 025 456</u>	<u>16 632 814</u>
	Trade receivables accounts from exchange transactions accounts written off during the year:	<u>6 855 303</u>	<u>138 933</u>
	<u>Electricity Debtors: Ageing</u>		
	Current (0 – 30 days)	1 225 329	1 404 553
	31 - 60 Days	46 778	64 877
	61 - 90 Days	28 165	41 372
	+ 90 Days	57 826	537 976
	Total	<u>1 358 098</u>	<u>2 048 778</u>
	<u>Water Debtors: Ageing</u>		
	Current (0 – 30 days)	612 354	371 587
	31 - 60 Days	207 007	202 998
	61 - 90 Days	96 591	173 281
	+ 90 Days	1 515 351	3 854 317
	Total	<u>2 431 303</u>	<u>4 602 183</u>
	<u>Refuse Debtors: Ageing</u>		
	Current (0 – 30 days)	250 798	222 190
	31 - 60 Days	78 255	134 734
	61 - 90 Days	51 089	121 891
	+ 90 Days	1 233 096	2 402 151
	Total	<u>1 613 238</u>	<u>2 880 966</u>
	<u>Sewerage Debtors: Ageing</u>		
	Current (0 – 30 days)	515 905	451 963
	31 - 60 Days	146 575	214 359
	61 - 90 Days	95 796	198 484
	+ 90 Days	2 432 942	4 882 029
	Total	<u>3 191 218</u>	<u>5 746 835</u>
	<u>Housing Rentals Debtors: Ageing</u>		
	Current (0 – 30 days)	12 055	9 332
	31 - 60 Days	4 525	11 447
	61 - 90 Days	2 311	10 655
	+ 90 Days	116 998	427 772
	Total	<u>135 889</u>	<u>459 206</u>
	<u>Other Debtors: Ageing</u>		
	Current (0 – 30 days)	1 468 545	86 353
	31 - 60 Days	608 937	540 408
	61 - 90 Days	529 425	164 063
	+ 90 Days	14 436 821	12 635 594
	Total	<u>17 043 728</u>	<u>13 426 418</u>

<u>Summary of Trade Receivables from exchange transactions by Customer Classification (including rates)</u>	<u>Residential</u>	<u>Industrial/</u>	<u>National and</u>
			<u>Provincial</u>
30 June 2008			<u>Government</u>
	R	R	R
Current (0 – 30 days)	4 413 365	312 420	55 779
31 - 60 Days	1 053 505	197 790	46 573
61 - 90 Days	838 939	33 005	12 588
+ 90 Days	19 755 520	543 851	629 737
Sub-total	26 061 329	1 087 066	744 677
Less: Provision for bad debts	(10 395 173)	-	-
Total Trade Receivables from exchange transactions by Customer Classification (including rates)	<u>15 666 157</u>	<u>1 087 066</u>	<u>744 677</u>

<u>Summary of Trade Receivables from exchange transactions by Customer Classification (including rates)</u>	<u>Residential</u>	<u>Industrial/</u>	<u>National and</u>
			<u>Provincial</u>
30 June 2007			<u>Government</u>
	R	R	R
Current (0 – 30 days)	2 927 275	442 117	45 237
31 - 60 Days	1 213 358	130 452	17 847
61 - 90 Days	842 398	25 447	10 705
+ 90 Days	27 071 932	300 052	769 280
Sub-total	32 054 963	898 068	843 069
Less: Provision for bad debts	(14 520 940)	-	-
Total Trade Receivables from exchange transactions by Customer Classification (including rates)	<u>17 534 023</u>	<u>898 068</u>	<u>843 069</u>

Concentrations of credit risk with respect to trade receivables from exchange transactions are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

18 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2008 R	2007 R
Other Debtors	970 041	698 070
Unpaid conditional grants and subsidies	-	89 682
	970 041	787 752
Unpaid conditional grants and subsidies transferred to Conditional Grants and Receipts - Note 9	-	(89 682)
	970 041	698 070
Rates transferred from Trade Receivables from exchange transactions - Note 17	-	4 631 714
Taxes - Rates	2 119 599	-
Other Receivables from non-exchange transactions	3 089 639	5 329 783
Provision for bad debts on Rates transferred from Trade Receivables from exchange transactions - Note		(1 989 368)
Less : Provision for bad debts	(647 156)	
Total	2 442 484	3 340 415
Other receivables accounts from non-exchange transactions accounts written off during the year:	1 988 178	-
Rates: Ageing		
Current (0 – 30 days)	696 578	868 651
31 - 60 Days	205 791	192 834
61 - 90 Days	81 155	168 804
+ 90 Days	1 136 075	3 401 425
Total	2 119 599	4 631 714
Other Debtors: Ageing (Sundry Debtors)		
Current (0 – 30 days)	762 248	81 250
31 - 60 Days	-	-
61 - 90 Days	-	-
+ 90 Days	207 792	616 820
Total	970 040	698 070

Concentrations of credit risk with respect to other receivables from non-exchange transactions are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

The fair value of other receivables from non-exchange transactions approximate their carrying value.

The provision for doubtful debts on other receivables from non-exchange transactions exists due to the possibility that not all debts will be recovered. Receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

19 PROPERTY RATES

	2008 R	2007 R
Actual		
Residential, Commercial, State	14 545 473	13 555 442
Less: Rebates	-2 576 263	-2 429 560
Total Assessment Rates	11 969 210	11 125 881
Valuations	July 2007	July 2006
Land	340 405 626	334 342 926
Buildings	437 153 438	426 665 967
	777 559 064	761 008 893

Valuations on land and buildings are performed every three to five years. The last valuation came into effect on 1 July 2003. Interim valuations are processed on a yearly basis to take into account changes in individual property values due to alterations and subdivisions. A general rate of R0.02932 for Beaufort West, R0.02464 for Merweville, R 0.01947 for Nelspoort and R0.00589 for the Rural properties is applied to property valuations to determine assessment rates. Rebates as set out here below are granted to some residential and state property owners. Rates are levied on an annual basis with the final date of payment being 30 September 2007. Interest at % per annum is levied on outstanding rates. Prime + 1%.

Rebates on Income
R 0 - R950 pm = 35 %
R 951 - R1180 pm = 25 %
R 1181 - R 1700 = 15 %

Rates are levied monthly and payable by the 12th of the following month. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

20 GOVERNMENT GRANTS AND SUBSIDIES

Equitable Share	11 162 283	9 433 967
MIG Grant	2 181 305	775 835
Contribution FMG	357 413	596 175
Contribution D W A F	378 562	285 604
Contribution DME	9 190 011	584 246
Contribution ESKOM	424 420	253 473
Contribution Nelspoort	-	629 634
Contribution MSIG	756 946	649 951
Contribution Project Preparation	11 134	33 402
Contribution PA W C ;	20 845 217	10 369 642
Government Grants	158 578	60 559
MSIG Project Cons.	-	26 533
Nasional Lottery	78 928	204 506
Contribution LED	19 243	-
Contribution DBSA	710 860	-
District Municipality	1 500	-
Donations and Public Contributions	1 145 359	-
Subsidies	48 000	-
Contribution CDW's	124 644	-
Total Government Grant and Subsidies	47 594 401	23 903 527

20.1 Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive 6kl free water and 50kwh free electricity per month, which is funded from this grant. All registered indigents receive a monthly subsidy as per approved budget, funded from this grant. Indigent subsidies is based on the cost of free basic services for the geographical area concerned and range from R103 per month to R208 per month.(2007: R97 per month to R174 per month)
(See Appendix "F" for a reconciliation of all grants).

21 SERVICE CHARGES

	2008 R	2007 R
Electricity		
Service charges	19 533 556	20 290 923
Less: Rebates	-	-
Water		
Service charges	8 513 920	8 520 107
Less: Rebates	-	-
Refuse removal		
Service charges	3 113 366	2 790 446
Less: Rebates	-	-
Sewerage and Sanitation Charges		
Service charges	7 120 179	6 489 549
Less: Rebates	-	-
Total Service Charges	38 281 020	38 091 024

Electricity

Units bought/generated	55 648 507	0
Units sold	45 477 168	0
Units lost in distribution	10 171 339	0
Units lost in distribution (%)	18.278%	0.000%
Cost per unit bought/generated (cents)	R 0.198	R 0.000
Loss in Distribution (at cost)	R 2 009 942	R 0

Water

Units bought/generated	2 750 066	0
Units sold	1 827 239	0
Units lost in distribution	922 827	-
Units lost in distribution (%)	33.557%	0.000%
Cost per unit sold (cents)	R 0.109	R 0.000
Loss in Distribution (at selling price)	R 101 008	R 0

Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the notice

• Revenue (GAMAP 9) Initial measurement of fair value discounting all future receipts using an imputed rate of interest. [SIACA Circular 09/06 and paragraph 12]

22 OTHER INCOME

	2008 R	2007 R
Other income	924 027	1 577 482
Total Other Income	924 027	1 577 482

Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the above-mentioned notice

• Revenue (GAMAP 9) Initial measurement of fair value discounting all future receipts using an imputed rate of interest. [SIACA Circular 09/06 and paragraph 12]

23 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	25 990 185	24 118 677
Standby Allowances	708 857	925 931
Housing Subsidy	258 320	197 042
Bonus	1 733 420	1 619 887
Essential Users	501 514	612 436
Overtime	1 199 830	1 058 990
Long Service Awards	4 000	10 500
Salaries	20 625 523	18 525 615
Uniform Allowance	13 982	10 500
Leave	-	4 677
Leave Reserve Fund	508 684	744 676
Transport Allowance	436 054	408 423
Employee related costs - Social contributions	6 534 355	4 034 321
Group Insurance	26 367	22 502
Post Retirement Medical Plan	1 746 338	-
Long Service Bonuses	37 546	-
Medical Aid Contribution	1 206 976	1 048 518
Provident Fund SAMWU	247 228	236 090
Pension Fund Contribution	3 079 292	2 555 530
Unemployment Fund	190 607	171 681
Less: Employee Costs Capitalised	-	-
Total Employee Related Costs	32 524 540	28 152 999

Contributions over 3 years (2008, 2009, 2010) will be made by Beaufort West Municipality to the Post Employment Health Care Benefit plan, to recognise the full accrued liability. The contributions will be a expenditure under Statement of Financial Performance.

KEY MANAGEMENT PERSONNEL

Municipal Manger is appointed on a 6-year fixed contract and the Director Community Services on a 5-year fixed contrc. There are no post-employment or termination benefits payable to him at the end of the contract

EMPLOYEE RELATED COSTS - Continued

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager

Annual Remuneration	449 590	494 325
Performance Bonuses	42 820	37 908
Car Allowance	120 743	77 598
Medical and pension funds	89 453	65 120
Total	702 606	674 950

Remuneration of Chief Financial Officer

Annual Remuneration	285 062	285 561
Performance Bonuses	43 207	39 962
Car Allowance	106 677	108 000
Medical and pension funds	68 716	41 708
Total	503 662	475 231

Remuneration of Individual Executive Directors
30 June 2008

	<u>Engineering Services</u>	<u>Community Services</u>	<u>Electrical Services</u>
	R	R	R
Annual Remuneration	354 785	254 516	325 200
Performance Bonuses	45 712	32 640	58 536
Car Allowance	71 911	60 000	71 993
Medical and pension funds, group life & UIF	63 245	4 389	42 819
Total	535 653	351 544	498 548

30 June 2007

	<u>Engineering Services</u>	<u>Community Services</u>	<u>Electrical Services</u>
	R	R	R
Annual Remuneration	346 765	230 591	298 008
Performance Bonuses	40 435	-	39 504
Car Allowance	70 784	55 000	71 971
Medical and pension funds, group life & UIF	62 555	22 885	54 019
Total	520 539	308 476	463 502

24 REMUNERATION OF COUNCILLORS

Executive Mayor	237 856	306 995
Deputy Executive Mayor	258 131	207 097
Speaker	243 315	243 968
Mayoral Committee Members	213 250	199 003
Councillors	656 240	950 398
Councillors' pension contribution	125 793	109 819
Councillors' medical aid	23 747	45 900
Councillors' car allowance	501 845	604 469
Councillors' housing subsidy	-	25 497
Office Accommodation	-	4 680
Telephone Allowance	169 119	126 614
Total Councillors' Remuneration	2 429 294	2 824 441

In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and one other councillor are full-time. Each is provided with an office and secretarial support at the cost of the Council. The Executive Mayor has the use of a Council owned vehicle for official duties.

25 BAD DEBT PROVISION

Reconciliation of Provision for Bad Debts

Contribution / (Reversal) to provision	4 648 823	1 650 000
Balance at end of year	4 648 823	1 650 000
Trade Receivables form exchange transactions - Note 17	9 748 017	12 531 572
Other Receivables form non-exchange transactions - Note 18	647 156	1 989 368
Total Bad Debt Provision	10 395 173	14 520 940

26 INTEREST PAID

Long-term liabilities	1 123 376	1 185 386
Overdraft Facilities	415	23 188
Finance leases	185 985	-
Total Interest on External Borrowings	1 309 776	1 208 574

27 BULK PURCHASES

Electricity	10 996 615	9 851 802
Water	172 917	526 845
Total Bulk Purchases	11 169 532	10 378 648

28 GRANTS AND SUBSIDIES PAID

Equitable share	3 935 314	3 936 885
Donations	24 700	9 250
Total Grants and Subsidies	3 960 014	3 946 135

29 GENERAL EXPENSES

General Expenses	7 347 377	9 115 496
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General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as telecommunications, travelling, legal fees and auditing fees.

30 SURPLUS OF ASSOCIATE

The municipality has got no shares in associates	-	-
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31 CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3 - IMPLEMENTATION OF GAMAP/GRAP

2008
R

2007
R

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP: -

31.1 Property, plant and equipment - GAMAP 17

Balance previously reported
Implementation of GAMAP

Property, Plant and Equipment previously not recognised credited to Accumulated Surplus - Note 31.3
Total

-	158 023 531
-	1 465 349
-	<u>159 488 880</u>

31.2 Accumulated Depreciation - GAMAP 17

Balance previously reported
Implementation of GAMAP

Backlog depreciation: Infrastructure
Backlog depreciation: Community
Backlog depreciation: Heritage
Backlog depreciation: Housing
Backlog depreciation: Other
Transfer to Accumulated Surplus/deficit - See Note below

-	64 771 235
-	-1 956 349
-	-201 232
-	-5 511
-	-352 253
-	107 759
-	<u>-2 407 585</u>

31.3 Accumulated Surplus/(Deficit)

Implementation of GAMAP

Property, Plant and Equipment previously not recognised credited to Accumulated Surplus - Note 31.1
Backlog depreciation - Note 31.2
Total

-	1 465 349
-	2 407 585
-	<u>3 872 934</u>

32 CORRECTION OF ERROR IN TERMS OF GRAP 3

32.1 Trade Receivables from exchange transaction - GRAP 1

Balance previously reported

Rates transferred to Other Receivables from non-exchange transactions - Note 32.2
General Debtors debited with accumulated surplus to correct previous incorrect disclosure - Note 32.16 & 32.4
Provision for bad debts on Rates transferred to Other Receivables from non-exchange transactions - Note 32.4
Total

-	19 275 160
-	(4 631 714)
-	49 557
-	1 989 368
-	<u>16 682 371</u>

32.2 Other Receivables from non-exchange transactions - GRAP 1

Balance previously reported

Rates transferred from Trade Receivables from exchange transactions - Note 32.1
32.1
Unpaid Conditional Grants and Receipts transferred to Conditional Grants and Receipts - Note 32.3
Total

-	787 752
-	4 631 714
-	(1 989 368)
-	(89 681)
-	<u>3 340 416</u>

32.3 Conditional Grants and Receipts

Balance previously reported

Unpaid Conditional Grants and Receipts transferred from Other Receivables from non-exchange transactions - Note 32.2
Total

-	(15 090 751)
-	89 681
-	<u>(15 001 070)</u>

32.4 Accumulated Surplus

Balance previously reported

Adjustment in Accumulated Depreciation account debited to Accumulated Surplus (no threshold) - Note 32.8
Adjustment in Property, Plant & Equipment account credited to Accumulated Surplus (No threshold) - Note 32.5
Leased assets not previously disclosed transferred to PPE - Note 32.5
Adjustment in Government Grant Reserve account credited to Accumulated Surplus (No threshold in 2007) - Note 32.12
VAT & Trade Debtors debited with accumulated surplus to correct previous incorrect disclosure - Note & 32.6
Pre paid income overstated and VAT output calculated from 2001 debited with accumulated surplus to correct previous incorrect disclosure - Note &
Adjustment in Capitalisation Reserve account credited to Accumulated Surplus (No threshold in 2007) - Note 32.13
Leased liability not previously disclosed transferred to Long-term Liabilities - Note 32.1
Accumulated Depreciation previously not recorded on cost of Investment Properties transferred from Surplus - Note 32.11
Leased accumulated depreciation not previously disclosed transferred to PPE - Note 32.8
Total

-	(15 818 632)
-	1 499 151
-	(2 550 210)
-	(1 117 800)
-	181 423
-	169 603
-	2 356 489
-	6 491
-	896 710
-	156 305
-	244 894
-	<u>(13 975 578)</u>

32.5 Property, Plant & Equipment

Balance previously reported

Correction on Assets funded out of Long-term Liabilities (VAT was included) - Note 32.1
Property, Plant and Equipment transferred to Intangible Assets - Note 32.6
Adjustment credited to Accumulated Surplus due to no threshold - Note 32.4
Property, Plant and Equipment transferred to Investment Properties - Note 32.7
Leased assets not previously disclosed transferred from Accumulated Surplus - Note 32.4
Total

-	171 044 763
-	(7 000)
-	-136 634
-	2 550 210
-	(1 869 615)
-	1 117 800
-	<u>172 699 524</u>

32.6 Intangible Assets

Balance previously reported

Intangible Assets transferred from Property, Plant & Equipment - Note 32.5
Total

-	-
-	136 634
-	<u>136 634</u>

32.7 Investment Properties

Balance previously reported

Investment Properties transferred from Property, Plant & Equipment - Note 32.5
Total

-	-
-	1 869 615
-	<u>1 869 615</u>

32.8 Accumulated Depreciation

Balance previously reported

Accumulated Depreciation of PPE transferred to Accumulated Amortisation for Intangible assets - Note 32.9
Leased accumulated depreciation not previously disclosed transferred from Accumulated Surplus - Note 32.4
Adjustment debited to Accumulated Surplus due to no threshold - Note 32.4
Total

-	(69 605 767)
-	129 803
-	(244 894)
-	(1 499 151)
-	<u>(71 220 010)</u>

32.9 Intangible Assets - Accumulated Amortisation

Balance previously reported

Accumulated Depreciation of PPE transferred to Accumulated Amortisation for Intangible assets - Note 32.8
Total

-	-
-	(129 803)
-	<u>(129 803)</u>

32.10 Long-term Liabilities

Balance previously reported

Correction on Assets funded out of Long-term Liabilities (VAT was included) - Note 32.5
Leased liability not previously disclosed transferred from Accumulated Surplus - Note 32.4
Total

-	(9 231 646)
-	7 000
-	(896 710)
-	<u>(10 121 356)</u>

	2008 R	2007 R
32.11 Investment Properties - Accumulated Depreciation		
Balance previously reported	-	-
Accumulated Depreciation previously not recorded on cost of Investment Properties transferred from Surplus - Note 32.4	-	(156 305)
Total	-	(156 305)
32.12 Government Grant Reserve		
Balance previously reported	-	84 966 598
Adjustment credited to Accumulated Surplus due to no threshold in 2007 - Note 32.4	-	181 423
Total	-	85 148 021
32.13 Capitalisation Reserve		
Balance previously reported	-	2 579 568
Adjustment credited to Accumulated Surplus due to no threshold in 2007 - Note 32.4	-	6 491
Total	-	2 586 059
32.14 Unspent Conditional Grants & Receipts		
Balance previously reported	-	15 101 385
Trade Payables transferred to Unspent Conditional Grants & Receipts (Incorrectly disclosed previous year 2007) - Note 32.15	-	73 516
Total	-	15 174 902
32.15 Trade Payables		
Balance previously reported	-	3 367 663
Trade Payables transferred to Unspent Conditional Grants & Receipts (Incorrectly disclosed previous year 2007) - Note 32.14	-	(73 516)
Total	-	3 294 146
32.16 VAT		
Balance previously reported	-	495 182
VAT credited with accumulated surplus to correct previous incorrect disclosure - Note 32.1 & 32.4	-	(219 160)
VAT credited with accumulated surplus to correct previous incorrect disclosure - Note &	-	(3 107 483)
Total	-	(2 831 460)
33 CASH GENERATED BY OPERATIONS		
Surplus for the year	6 934 551	13 847 535
Adjustment for:-		-
Depreciation	8 946 604	7 595 885
Amortisation of Intangible Assets	-	-
Loss/(Gain) on disposal of property, plant and equipment	(1 007 098)	(2 008 305)
Investment income	(1 295 203)	(448 427)
Interest paid	1 309 776	1 208 574
Operating surplus before working capital changes:	14 888 630	20 195 263
(Increase)/decrease in inventories	(99 757)	(460 496)
(Increase)/decrease in trade receivables from exchange transactions	607 358	(4 949 715)
(Increase)/decrease in other receivables from non-exchange transactions	897 931	1 621 706
(Decrease)/increase in unspent conditional grants and receipts	(6 779 209)	4 332 621
Decrease/(increase) in unpaid conditional grants and receipts	89 681	-
(Decrease)/Increase in trade payables	3 322 295	(2 568 599)
Increase/(decrease) in provisions	2 294 667	21 239
Decrease/(Increase) in taxes	(117 224)	405 159
Cash generated by/(utilised in) operations	15 104 373	18 597 179
34 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following :		
Call Investments Deposits	12 991 238	20 080 681
Cash Floats	10 350	9 950
Primary Bank Account (Overdraft cashbook balance)	1 941 777	(3 137 375)
Total cash and cash equivalents	14 943 365	16 953 256
35 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term liabilities - Note 4	10 431 159	10 121 356
Used to finance property, plant and equipment – at cost	10 431 159	10 121 356
Sub- total	-	-
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities	-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. The Annuity Loans carry interest of between 9.75 % and 16.20 % and will be repaid by 2020

Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the above-mentioned notice

- Financial Instruments: Recognition and Measurement (AC133) Initially measuring financial assets and liabilities at fair value. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]
- Financial Instruments: Disclosure (AC144) Entire standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998.

36	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED	2008	2007
		R	R
	There were no fruitless- or wasteful expenditure during the year.		
36.1	Unauthorised expenditure		
	Reconciliation of unauthorised expenditure		
	Opening balance	-	-
	Unauthorised expenditure current year	22 687 402	-
	Approved by Council or condoned	-22 687 402	-
	Transfer to receivables for recovery	-	-
	Unauthorised expenditure awaiting authorisation	-	-
		<u>-</u>	<u>-</u>
	Incident	Disciplinary steps/criminal proceedings	
	<i>None</i>	<i>None</i>	
36.2	Fruitless and wasteful expenditure		
	Reconciliation of fruitless and wasteful expenditure		
	Opening balance	-	-
	Fruitless and wasteful expenditure current year	-	-
	Condoned or written off by Council	-	-
	To be recovered – contingent asset	-	-
	Fruitless and wasteful expenditure awaiting condonement	-	-
		<u>-</u>	<u>-</u>
	Incident	Disciplinary steps/criminal proceedings	
	<i>None</i>	<i>None</i>	
36.3	Irregular expenditure		
	Reconciliation of irregular expenditure		
	Opening balance	-	-
	Fruitless and wasteful expenditure current year	-	-
	Condoned or written off by Council	-	-
	Transfer to receivables for recovery – not condoned	-	-
	Irregular expenditure awaiting condonement	-	-
		<u>-</u>	<u>-</u>
	Incident	Disciplinary steps/criminal proceedings	
	<i>None</i>	<i>None</i>	
37	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
37.1	Contributions to organized local government - [MFMA 125 (1)(b)]		
	Opening balance	-	-
	Council subscriptions	-	106 239
	Amount paid - current year	-	(106 239)
	Amount paid - previous years	-	-
	Balance unpaid (included in trade payables)	<u>-</u>	<u>-</u>
37.2	Audit fees - [MFMA 125 (1)(b)]		
	Opening balance	-	-
	Current year audit fee	550 974	475 263
	Amount paid - current year	(448 340)	(475 263)
	Amount paid - previous years	-	-
	Balance unpaid (included in trade payables)	<u>102 634</u>	<u>-</u>
37.3	VAT - [MFMA 125 (1)(b)]		
	Vat inputs receivables and Vat outputs payables are shown in Note 10	-2 714 236	-2 831 460
	All VAT returns have been submitted by the due date throughout the year.		
37.4	PAYE, SDL and UIF - [MFMA 125 (1)(b)]		
	Opening balance	1 160	3 467
	Current year payroll deductions and Council Contributions	3 331 453	3 018 617
	Amount paid - current year	(3 331 453)	(3 018 617)
	Amount paid - previous years	(1 160)	(2 307)
	Balance unpaid (included in trade payables)	<u>-</u>	<u>1 160</u>
37.5	Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]		
	Opening balance	3 061	3 356
	Current year payroll deductions and Council Contributions	6 384 341	5 448 683
	Amount paid - current year	(6 384 341)	(5 448 683)
	Amount paid - previous years	(3 061)	(295)
	Balance unpaid (included in trade payables)	<u>-</u>	<u>3 061</u>

37 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT - Continued

2008
R

2007
R

37.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]

The following Councillors had arrear accounts outstanding for more than 90 days as at: -

30 June 2008

Councillor Prince
Councillor Njadu
Total Councillor Arrear Consumer Accounts

Total	Outstanding less than 90 days	Outstanding more than 90 days
24 898	-	24 898
1 028	1 028	-
25 926	1 028	24 898

30 June 2007

Councillor Damen
Councillor Njadu
Total Councillor Arrear Consumer Accounts

Total	Outstanding less than 90 days	Outstanding more than 90 days
5 120	13	5 107
12 532	726	11 806
17 652	739	16 913

During the year the following Councillors' had arrear accounts outstanding for more than 90 days

30 June 2008

Councillor Prince
Councillor Njadu

Highest
Amount
Outstanding

25 898 days 150
6 842 days 150

30 June 2007

Councillor Damen
Councillor Toto
Councillor Motsokane
Councillor Njadu

5 754 150 days
5 756 150 days
11 054 150 days
14 772 150 days

37.7 Award quotation - Section 45 - Supply Chain Management

Refer to Supply Chain Management Implementation Report for the year ended 30 June 2008. Appendix I

37.8 Withdrawals from municipal bank accounts - Section 11(4) of the MFMA

The quarterly report for the quarter January 2008 to March 2008 as required by section 11(4) of the MFMA was not submitted within 30 days after the end of that quarter. The report was submitted on 27 May 2008.

37.9 Section 52(d) of the MFMA - Report on the implementation of the budget

The report for the third quarter (ending 31 March 2008) was not submitted within 30 days of the end of the quarter. The report was submitted on 27 May 2008.

37.10 Section 54(1) - Budgetary control and early identification of financial problems

The report for the third quarter (ending 31 March 2008) was not submitted within 30 days of the end of the quarter. The report was submitted on 27 May 2008.

37.11 Annual Report - Section 121 of the MFMA

The annual report was submitted to Council within 7 months after the end of the 2006/07 financial year as required by section 127(2) of the MFMA. However, the annual report and oversight report was only adopted on 22 April 2008 and not within 9 months as stipulated in section 121.

37.12 Non Compliance to Section 54(3) of the MFMA

Payments due by an Organ of State which exceeded 30 days or more have not been reported to National Treasury.

38 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

- Approved and contracted for

Land and Buildings

Infrastructure

Community

Heritage

Other

Leased Assets

- Approved but not yet contracted for

Infrastructure

Community

Other

Total

18 124 633	12 075 571
120 040	
14 514 203	9 879 300
602 428	1 590 980
	3 950
1 784 462	601 341
1 103 500	
4 672 753	4 816 591
3 087 956	3 979 839
947 855	836 752
636 943	-
22 797 386	16 892 162

This expenditure will be financed from:

- External Loans
- Capital Replacement Reserve
- Government Grants
- Own resources
- District Council Grants

713 609	274 648
2 134 095	267 550
17 197 475	16 349 963
1 103 500	-
1 648 707	-
22 797 386	16 892 162

39 FINANCIAL RISK MANAGEMENT

Financial Risk Management

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising Currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign exchange currency risk

The municipality does not engage in foreign currency transactions.

(b) Interest rate Risk

The Municipality is mainly exposed to interest rate risk due to the movements in long-term and short term interest rates. This risk is managed on an ongoing basis.

(c) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as credit exposures to consumer and grant debtors.

For banks and financial institutions, only independently rated parties with a minimum rating of 'B+' are accepted. Grants are receivable from higher order levels of government. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. This increases the credit risk in respect of consumer debtors. The risk of non-payment is managed on an ongoing basis and where practical, services are terminated and procedures applied to recover outstanding amounts owing and an appropriate level of impairment provision for default is maintained.

(d) Liquidity Risk

Liquidity risk is the risk that the municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market

The financial liabilities of the municipality are backed by appropriate assets and it has adequate liquid resources. The Council monitors the cash projections and by ensuring that borrowing facilities are available to meet its cash requirements.

(d) Other risks

Potential concentrations of credit risk and interest rate risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the CFO and authorised by the Municipal Council.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance for doubtful debt.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection

Long-term Receivables and Other Debtors are individually evaluated annually at balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

40 EVENTS AFTER THE REPORTING DATE

The municipality has no events after reporting date during the financial year ended 2007/2008.

41 IN-KIND DONATIONS AND ASSISTANCE

The Municipality did not receive any in-kind donations and assistance during the financial year ended

42 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year 2007/2008.

43 COMPARISON WITH THE BUDGET

The comparison of the municipality's actual financial performance with the budget, is set out in Annexures "E (1) and E (2)".

44 CONTINGENT LIABILITY

An investigation is envisaged to be undertaken in respect of a claim amounting to R 1 071 060 received from a company that has been appointed by Council to supply, install and maintain the red robot phase and speed violation systems. The outcome of the investigation will confirm whether any amounts is in fact due to the company and it is anticipated that the investigation will be completed before the end of September 2008. There is no possibility of claiming this amount from a third party resulting in reimbursement.

The following guarantees also qualify as contingent liabilities:

Name	Register no	Guarantee issued to	Amount R
Maria Aletta van Niekerk	139	Allied Bank	Not indicated
Daniel Ngondo	141	Allied Bank	9 800
M. Gerber (Vlok)	148	Volkskas Bank	16 000
Frank J. Pieters	159	SA Perm	65 000
Malcolm Edwards Lawrence	213	ABSA Bank	14 000
Barend Frans Knecht	214	FNB	10 000
Amos Collin Makendana	215	ABSA Bank	15 000
Total			129 800

45	<p><u>Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2)b of the notice</u></p>								
	<ul style="list-style-type: none"> • Financial Instruments: Recognition and Measurement (AC133) Initially measuring financial assets and liabilities at fair value. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133] • Financial Instruments: Disclosure (AC144) Entire standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998. • Segment Reporting (AC115) Entire Standard • Operating Segments (AC146) Entire Standard • Construction Contracts (AC109) Entire Standard • Business Combinations (AC140) Entire Standard • Accounting for Government Grants and Disclosure of Government Assistance (AC134) Entire standard excluding paragraphs 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraphs 42 – 46 of GAMAP 9. 								
46	<p>Related Party Transactions</p> <p>Hydroponics - the following council members are directors of the company:</p> <p>Juliet Jonas Pieter Long Maria Matunzi</p> <p>An amount of R 15 000 that was invested by the municipality for and on behalf of the Hydroponics was paid out to the Hydroponics during the year.</p> <p>Central Karoo Leather Products - the following council member is one of the company directors:</p> <p>Maria Matunzi</p> <p>The municipality has entered purchased a leather magazine for the amount of R 350.00 from the Central Karoo Leather.</p>								
47	<p>Contingent Assets</p> <p>Description:</p> <table border="0"> <tr> <td data-bbox="289 850 1096 892">Nedbank/ Farad Engineering - Installation of a low control system.</td> <td data-bbox="1144 850 1214 871">R 59 218</td> </tr> <tr> <td data-bbox="289 871 1096 892">Standard Bank/Conlog - Supply and installation of water meters</td> <td data-bbox="1144 871 1214 892">R 22 502</td> </tr> <tr> <td data-bbox="289 892 1096 924">Transformer and Associated Control Equipment - Supply and installation of 8MVA Transformer and 2 tape brokers.</td> <td data-bbox="1144 903 1214 924">R 722 577</td> </tr> <tr> <td data-bbox="289 934 1096 955">Total</td> <td data-bbox="1144 934 1214 955">R 804 297</td> </tr> </table>	Nedbank/ Farad Engineering - Installation of a low control system.	R 59 218	Standard Bank/Conlog - Supply and installation of water meters	R 22 502	Transformer and Associated Control Equipment - Supply and installation of 8MVA Transformer and 2 tape brokers.	R 722 577	Total	R 804 297
Nedbank/ Farad Engineering - Installation of a low control system.	R 59 218								
Standard Bank/Conlog - Supply and installation of water meters	R 22 502								
Transformer and Associated Control Equipment - Supply and installation of 8MVA Transformer and 2 tape brokers.	R 722 577								
Total	R 804 297								
48	<p>Process to comply fully with the implementation of General Recognised Accounting Practices (GRAP).</p> <p>The municipality adopted a phased-in approach in order to comply fully with the implementation of GRAP. The municipality is classified by the National Treasury as a medium capacity municipality and must comply with GRAP by 30 June 2009. The municipality, however, took advantage of transitional provisions and implement GRAP at an earlier date in order to ensure more reliable financial reporting. The implementation plan for full compliance with the requirements of GRAP is listed in Appendix "G".</p>								

12 PROPERTY, PLANT AND EQUIPMENT

30 June 2008

Reconciliation of Carrying Value	Land and Buildings	Infra- structure	Community	Heritage	Other	Housing Develop. Fund	Leased Infrastructur e	Investment Properties	Total
	R	R	R	R	R	R	R	R	R
Carrying values at 1 July 2007	-	60 690 134	29 552 229	605 421	3 333 220	6 425 604	872 906	-	101 479 515
Cost	-	101 782 603	35 571 255	698 308	12 043 918	12 906 554	1 117 800	-	164 120 438
Residual Value	-	5 356 979	1 872 171	36 753	633 890	679 292	-	-	8 579 086
Accumulated depreciation	-	-46 449 447	-7 891 197	-129 641	-9 344 588	-7 160 242	-244 894	-	-71 220 010
- Cost	-	-46 449 447	-7 891 197	-129 641	-9 344 588	-7 160 242	-244 894	-	-71 220 010
Acquisitions	114 038	13 795 424	572 307	-	1 693 264	-	1 103 500	-	17 278 533
Residual Value	6 002	726 075	30 121	-	89 119	-	-	-	851 318
Capital under Construction	-	-	-	-	-	-	-	-	-
Depreciation	-471	-5 058 495	-1 560 454	-23 341	-1 178 127	-431 397	-634 953	-	-8 887 238
- based on cost	-471	-5 058 495	-1 560 454	-23 341	-1 178 127	-431 397	-634 953	-	-8 887 238
Carrying value of disposals	-	-	-	-	-58 322	-	-	-	-58 322
Cost/valuation	-	-	-	-	-635 359	-	-	-	-635 359
Residual Value	-	-	-	-	-33 440	-	-	-	-33 440
Accumulated depreciation	-	-	-	-	610 478	-	-	-	610 478
Transfer of Cost	-	-	-	-	-	-	-	-	-
Transfer of Accumulated Depreciation	-	-	-	-	-	-	-	-	-
	119 569	70 153 139	28 594 204	582 080	3 879 154	5 994 207	1 341 453	-	110 663 806
Carrying values at 30 June 2008	119 569	70 153 139	28 594 204	582 080	3 879 154	5 994 207	1 341 453	-	110 663 806
Cost	114 038	115 578 027	36 143 562	698 308	13 101 822	12 906 554	2 221 300	-	180 763 612
Residual Value	6 002	6 083 054	1 902 293	36 753	689 570	679 292	-	-	9 396 964
Accumulated depreciation	-471	-51 507 942	-9 451 651	-152 981	-9 912 238	-7 591 639	-879 847	-	-79 496 770
- Cost	-471	-51 507 942	-9 451 651	-152 981	-9 912 238	-7 591 639	-879 847	-	-79 496 770

12 PROPERTY, PLANT AND EQUIPMENT (continued)

BEAUFORT WEST MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

30 June 2007

Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Community	Heritage	Other	Housing Develop. Fund	Leased Infrastructure	Investment Properties	Total
	R	R	R	R	R	R	R	R	R
Carrying values at 1 July 2006	-	55 405 448	29 556 872	624 623	3 895 003	6 861 344	-	1 869 615	98 212 906
Cost	-	92 136 334	33 883 634	691 219	8 736 009	12 899 025	-	1 776 134	150 122 354
Residual Value	-	4 849 281	1 783 349	36 380	459 790	678 896	-	93 481	7 901 177
Small Asset Listings transferred Cost	-	342 486	249 546	-	793 912	7 027	-	-	1 392 971
Small Asset Listings transferred Residual	-	18 026	13 134	-	41 785	370	-	-	73 314
Small Asset Listings transferred out of Asset Register	-	-	-	-	-890	-	-	-	-890
Small Asset Listings transferred out of Asset Register	-	-	-	-	-47	-	-	-	-47
Small Asset Listings transferred back to Asset Register on 30 June 2007- Cost	-	153 048	132 678	3 337	1 912 631	7 529	-	-	2 209 223
Small Asset Listings transferred back to Asset Register on 30 June 2007- Residual	-	8 055	6 983	176	100 665	396	-	-	116 275
Accumulated depreciation	-	-42 101 781	-6 512 452	-106 489	-8 148 852	-6 731 899	-	-	-63 601 472
- Cost	-	-43 947 274	-6 645 724	-110 219	-6 985 460	-7 082 558	-	-	-64 771 235
Small Asset Listings transferred R5000-R10000	-	-253 700	-137 952	-	-481 970	-1 974	-	-	-875 596
Correction with Residual Value	-	2 210 049	339 184	5 511	373 372	354 227	-	-	3 282 342
Small Asset Listings transferred out of Asset Register	-	-	-	-	839	-	-	-	839
Small Asset Listings transferred back to Asset Register on 30 June 2007- Accumulated Depreciation	-	-110 856	-67 960	-1 781	-1 055 632	-1 593	-	-	-1 237 822
Acquisitions	-	9 385 335	1 511 431	3 753	571 274	-	-	-	11 471 792
Residual Value of Acquisition	-	493 965	79 549	198	30 067	-	-	-	603 779
Small Asset Listings transferred back to Asset Register on 30 June 2007- Cost	-	-	-	-	213 476	-	-	-	213 476
Small Asset Listings transferred back to Asset Register on 30 June 2007- Residual	-	-	-	-	11 236	-	-	-	11 236
Capital under Construction	-	-4 538 272	-1 499 708	-23 152	-1 365 630	-430 453	-	-	-7 857 215
Depreciation	-	-4 531 407	-1 494 784	-23 041	-1 116 452	-430 202	-	-	-7 595 885
- based on cost	-	-6 865	-4 924	-111	-249 178	-251	-	-	-261 330
Small Asset Listings transferred back to Asset Register on 30 June 2007- Depreciation	-	-56 342	-95 915	-	-8 375	-5 287	-	-	-165 918
Carrying value of disposals	-	-234 600	-206 034	-	-46 042	-7 027	-	-	-493 703
Cost/revaluation	-	-12 347	-10 844	-	-2 423	-370	-	-	-25 984
Residual Value	-	190 606	120 963	-	40 090	2 109	-	-	353 769
Accumulated depreciation	-	-	-	-	-	-	-	-	-
Correction of error - Cost - Note 32.5	-	-	-	-	-143 634	-	1 117 800	-1 869 615	-895 449
Correction of error - Accumulated Depreciation - Note 32.8	-	-	-	-	129 803	-	-244 894	-	-115 092
	-	60 690 134	29 552 229	605 421	3 333 220	6 425 604	872 906	-	101 479 515
Carrying values at 30 June 2007	-	60 690 134	29 552 229	605 421	3 333 220	6 425 604	872 906	-	101 479 515
Cost	-	101 782 603	35 571 255	698 308	12 043 918	12 906 554	1 117 800	-	164 120 438
Revaluation	-	5 356 979	1 872 171	36 753	633 890	679 292	-	-	8 579 086
Accumulated depreciation	-	-46 449 447	-7 891 197	-129 641	-9 344 588	-7 160 242	-244 894	-	-71 220 010
- Cost	-	-46 449 447	-7 891 197	-129 641	-9 344 588	-7 160 242	-244 894	-	-71 220 010

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the above-mentioned notice.

• Property, Plant and Equipment (GAMAP 17) Review of useful life of item of PPE recognised in the annual financial statements. [Paragraphs 59-61 and 77]

• Property, Plant and Equipment (GAMAP 17) Review of the depreciation method applied to PPE recognised in the annual financial statements. [Paragraphs 62 and 77]

• Property, Plant and Equipment (GAMAP 17) Impairment of non-cash generating assets. [Paragraphs 64-69 and 75(e)(v) – (vi)]

• Property, Plant and Equipment (GAMAP 17) Impairment of cash generating assets. [Paragraphs 63 and 75(e)(v) – (vi)]

• Impairments of Assets (AC 128) Entire Standard

• Investment Property (AC 135) Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised investment property in terms of this standard. [Paragraphs 79(e)(i) – (iii)]

• Intangible Assets (AC 129) The entire standards except for the recognition, measurement and disclosure of the computer software and website costs (AC 432) and all other costs were expensed.

• Non-current Assets Held for Sale and Discontinued Operations (AC142) Classification, measurement and disclosure of non-current assets held for sale. [paragraphs 6-14, 15-29 (in so far as it relates to non-current assets held for sale), 38-42]

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2009. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records.

APPENDIX A
BEAUFORT WEST MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008

EXTERNAL LOANS	Rate	Loan Number	Redeemable or term	Balance at 2007/06/30	Received during the period	Redeemed written off during the period	Balance at 2008/06/30	Cost Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
				R	R	R	R	R	R
LONG-TERM LOANS									
				0	0	0	0	0	0
Total long-term loans				0	0	0	0	0	0
ANNUITY LOAN									
- Sewerage Extension 14 - AA 10/12/4	11.25%	11289/101	30	12 303		4 519	7 784		
- Sewerage Purification Works - AA10/12/16	16.24%	11291/101	20	349 311		67 753	281 558		
- Sewerage Network Menweville - SKDM Project no. 10950	15.00%		10	101 471		47 025	54 446		
DBSA SANLAM Building - General RB 21.10.03 It 5.44	10.46%	101257/1	15	1 470 758		60 917	1 409 841		
DBSA - Electrification Housing Scheme - AA10/12/4	12.00%		15	4 527 334		492 857	4 034 478		
DBSA - Load Control System - RB 12.5.98 It 2	15.00%		15	2 188 426		77 280	2 111 146		
ABSA - Mercedes Benz Refuse Truck - CZ 4118	14.50%	67801453	5	313 904		88 501	225 403		
ABSA - Colt LWB - CZ 5307	14.50%	66631368	3	55 307		18 430	36 876		
ABSA - Trailer CZ 2854	14.50%	71832908	3	36 801		10 045	26 756		
ABSA - Multi-Functional Office Machines	14.50%	73129104	3	47 167		15 207	31 959		
ABSA - Tractor CZ 2482	14.50%	71831421	3	121 865		33 264	88 601		
ABSA - Tractor CZ 10625	14.50%	75588777	3		133 456	12 613	120 843		
ABSA - Tata Truck CZ 16014	14.50%	77186994	3		172 553		172 553		
ABSA - Cherry Picker CZ 15919	14.50%	76879287	3		203 800		203 800		
ABSA - Cherry Picker CZ 15919	14.50%	76879163	3		203 800		203 800		
Total annuity loans				9 224 646	713 609	928 412	9 009 843	0	0
LEASE LIABILITY									
CZ 4132 - Isuzu	12.01%	Recreation Sites	31/03/2010	94 640	-	30 878	63 762	101 800	0
CZ 4669 - Isuzu	12.01%	Reticulation - High Voltage	31/03/2010	94 640	-	30 878	63 762	101 800	0
CZ 4849 - Isuzu	12.01%	Streets	31/03/2010	94 640	-	30 878	63 762	101 800	0
CZ 5929 - Isuzu	12.01%	Reticulation - High Voltage	31/03/2010	94 640	-	30 878	63 762	101 800	0
CZ 5938 - Isuzu	12.01%	Water Distribution	31/03/2010	94 640	-	30 878	63 762	101 800	0
CZ 5941 - Isuzu	12.01%	Water Distribution	31/03/2010	94 640	-	30 878	63 762	101 800	0
CZ 5946 - Isuzu	12.01%	Water Purification	31/03/2010	94 640	-	30 878	63 762	101 800	0
CZ 5947 - Opel Corsa	12.04%	Building Control	31/03/2010	64 614	-	21 076	43 538	69 500	0
CZ 5984 - Nissan	12.04%	Finance	31/03/2010	70 657	-	23 046	47 612	76 000	0
Digital Copier Konica Minolta	12.04%	Electricity	31/08/2009	21 506	-	9 235	12 271	28 400	0
Gestetner 1502	11.99%	Engineering	31/08/2008	6 450	-	5 473	977	22 300	0
Gestetner DSM 415	12.06%	Mimosa Library	30/11/2010	15 059	-	3 788	11 271	20 200	0
Nashua AF 1060	11.96%	Corporate Services	31/08/2008	55 945	-	41 116	14 829	171 000	0
CZ 10589 - Opel Corsa	12.15%	Refuse Removal	31/08/2010	-	68 500	16 609	51 891	68 500	0
CZ 10586 - Isuzu	12.23%	Refuse Removal	31/08/2010	-	100 000	24 222	75 778	100 000	0
CZ 10587 - Isuzu	12.23%	Traffic	31/08/2010	-	100 000	24 222	75 778	100 000	0
CZ 10585 - Isuzu	12.23%	Streets	31/08/2010	-	100 000	24 222	75 778	100 000	0
CZ 10629 - Nissan	11.98%	Traffic	31/08/2010	-	116 000	28 181	87 819	116 000	0
CZ 10627 - Nissan	11.98%	Traffic	31/08/2010	-	116 000	28 181	87 819	116 000	0
CZ 10628 - Nissan	11.98%	Traffic	31/08/2010	-	116 000	28 181	87 819	116 000	0
CZ 10626 - Nissan	11.98%	Traffic	31/08/2010	-	116 000	28 181	87 819	116 000	0
CZ 10724 - Opel Corsa	12.14%	Water Purification	31/10/2010	-	102 000	19 585	82 415	102 000	0
CZ 10725 - Isuzu	12.40%	Housing Office	31/10/2010	-	69 000	13 207	55 793	69 000	0
CZ 10588 - Isuzu	12.23%	Housing Office	31/08/2010	-	100 000	24 222	75 778	100 000	0
Total Lease Liabilities				896 710	1 103 500	578 894	1 421 316	2 203 500	0
TOTAL EXTERNAL LOANS				10 121 356	1 817 109	1 507 306	10 431 159	2 203 500	0

APPENDIX B
BEAUFORT WEST MUNICIPALITY
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	Cost/Revaluation							Accumulated Depreciation				Carrying Value
	Opening Balance		Additions		Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals Income	Closing Balance	
Land and Buildings												
Land	-	-	-	-	-	-	0	-	-	-	0	0
Buildings	-	-	114 038	6 002	-	-	120 040	-	471	-	471	119 569
	0	0	114 038	6 002	0	0	120 040	0	471	0	471	119 569
Infrastructure												
Transformer	787 745	41 460	1 096 566	57 714	-	-	1 983 485	100 734	26 330	-	127 064	1 856 421
Electricity reticulation	26 182 091	1 378 005	2 458 102	129 374	-	-	30 147 572	15 967 553	854 629	-	16 822 182	13 325 390
Main roads	26 121	1 375	-	-	-	-	27 496	26 121	-	-	26 121	1 375
Other roads	26 219 371	1 379 967	3 547 098	186 689	-	-	31 333 125	10 221 189	1 911 900	-	12 133 088	19 200 037
Traffic lights	11 215	590	-	-	-	-	11 805	10 660	555	-	11 215	590
Street lighting	5 645 858	297 150	356 662	18 772	-	-	6 318 442	1 117 985	226 463	-	1 344 438	4 974 004
Main bridges	45 532	2 396	-	-	-	-	47 929	25 818	1 522	-	27 340	20 588
Storm water drainage	7 550 788	397 410	876 930	46 154	-	-	8 871 281	2 269 387	358 635	-	2 628 021	6 243 260
Bridges and subways	-	-	-	-	-	-	0	-	-	-	0	0
Parking facilities	900 314	47 385	-	-	-	-	947 699	320 696	45 133	-	365 829	581 870
Bus terminal	46 146	2 429	-	-	-	-	48 575	4 310	2 314	-	6 624	41 951
Water meters	2 141 885	112 731	429 328	22 596	-	-	2 706 540	247 830	143 184	-	391 014	2 315 526
Main water supply	522 813	27 516	-	-	-	-	550 330	26 373	26 212	-	52 585	497 745
Water reticulation	12 048 713	634 143	1 910 181	100 536	-	-	14 693 573	6 831 985	587 910	-	7 419 894	7 273 679
Reservoirs & tanks	2 150 524	113 185	-	-	-	-	2 263 709	901 876	107 821	-	1 009 697	1 254 012
Sewerage system	9 473 027	498 580	2 725 546	143 450	-	-	12 840 603	5 095 087	330 984	-	5 426 071	7 414 533
Sewerage works	3 366 467	177 182	-	-	-	-	3 543 650	1 686 471	168 785	-	1 855 256	1 688 394
Purification works	1 829 306	96 279	17 685	931	-	-	1 944 201	1 119 460	92 396	-	1 211 856	732 344
Foot paths	2 520 574	132 662	-	-	-	-	2 653 236	254 926	126 374	-	381 300	2 271 935
Paving	-	-	-	-	-	-	0	-	-	-	0	0
Landing strip	-	-	-	-	-	-	0	-	-	-	0	0
Airport & radio beacons	-	-	-	-	-	-	0	-	-	-	0	0
Fencing	271 641	14 297	347 318	18 280	-	-	651 536	189 720	43 451	-	233 172	418 365
Security system	19 941	1 050	30 009	1 579	-	-	52 578	18 867	2 780	-	21 647	30 931
Spot lights	22 530	1 186	-	-	-	-	23 716	12 398	1 130	-	13 528	10 189
	101 782 603	5 356 979	13 795 424	726 075	0	0	121 661 081	46 449 447	5 058 495	0	51 507 942	70 153 139
Community Assets												
Netball fields	27 128	1 428	-	-	-	-	28 556	21 053	1 360	-	22 414	6 142
Tennis courts	293 020	15 422	-	-	-	-	308 442	217 171	14 691	-	231 862	76 580
Swimming pools	736 305	38 753	-	-	-	-	775 058	591 067	36 916	-	627 983	147 075
Golf fields	103 968	5 472	-	-	-	-	109 440	65 940	5 213	-	71 153	38 287
Yoke-skey fields	171 110	9 006	-	-	-	-	180 115	66 449	8 579	-	75 028	105 088
Sport fields	22 103 110	1 163 322	160 880	8 467	-	-	23 435 780	4 539 140	1 109 992	-	5 649 132	17 786 648
Buildings	77 773	4 093	-	-	-	-	81 867	979	1 451	-	2 430	79 437
Plots	307 228	16 170	-	-	-	-	323 398	-	-	-	0	323 398
Ambulance and Fire Station	96 625	5 191	-	-	-	-	103 816	26 318	3 297	-	29 615	74 201
Cemeteries	391 919	20 627	-	-	-	-	412 546	47 029	13 100	-	60 129	352 417
Theatre and community centrums	5 024 038	264 423	411 427	21 654	-	-	5 721 542	524 582	167 934	-	692 516	5 029 026
Clinics and hospitals	374 647	19 718	-	-	-	-	394 365	150 156	12 522	-	162 678	231 686
Parks and pubic conveniences	1 542 430	81 181	-	-	-	-	1 623 610	196 269	51 555	-	247 824	1 375 786
Recreation sites and logical gardens	37 398	1 968	-	-	-	-	39 367	14 970	1 250	-	16 220	23 147
Structure plans	315 600	16 611	-	-	-	-	332 210	315 600	-	-	315 600	16 611
Abattoirs	719	38	-	-	-	-	757	408	24	-	432	325
Caravan parks	54 315	2 859	-	-	-	-	57 173	31 603	1 815	-	33 419	23 755
Hostels & tourism	226 909	11 943	-	-	-	-	238 852	83 242	7 584	-	90 826	148 026
Office buildings	2 864 308	150 753	-	-	-	-	3 015 061	893 127	95 739	-	988 865	2 026 196
Markets	195 830	10 307	-	-	-	-	206 137	13 408	6 546	-	19 953	186 184
Libraries	624 875	32 888	-	-	-	-	657 764	92 687	20 886	-	113 573	544 191
	35 571 255	1 872 171	572 307	30 121	0	0	38 045 855	7 891 197	1 560 454	0	9 451 651	28 594 204
Heritage Assets												
Historical Buildings	0	0	0	0	0	0	0	0	0	0	-	-
Museums / Art Galleries	698 308	36 753	0	0	0	0	735 062	129 641	23 341	0	152 981	582 080
	698 308	36 753	0	0	0	0	735 062	129 641	23 341	0	152 981	582 080
Total carried forward	138 052 166	7 265 903	14 481 770	762 196	0	0	160 562 037	54 470 285	6 642 760	0	61 113 045	99 448 992

* Includes correction of error referred to in Note 30.

APPENDIX B
BEAUFORT WEST MUNICIPALITY
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	Cost							Accumulated Depreciation				Carrying Value
	Opening Balance		Additions		Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Total brought forward	138 052 166	7 265 903	14 481 770	762 196	0	0	160 562 037	54 470 285	6 642 760	0	61 113 045	99 448 992
Housing Rental Stock												
Housing Rentals	0	0	0	0	0	0	0	0	0	0	-	-
Housing Schemes	12 906 554	679 292	0	0	0	0	13 585 846	7 160 242	431 397	0	7 591 639	5 994 207
	12 906 554	679 292	0	0	0	0	13 585 846	7 160 242	431 397	0	7 591 639	5 994 207
Leased Assets												
Office Equipment (Lease)	259 700	-	-	-	-	-	259 700	174 366	52 310	-	226 675	33 025
Vehicles (Lease)	858 100	-	1 103 500	-	-	-	1 961 600	70 529	582 643	-	653 172	1 308 428
	1 117 800	0	1 103 500	0	0	0	2 221 300	244 894	634 953	0	879 847	1 341 453
Other Assets												
Computer hardware	2 021 783	106 410	355 219	18 696	-	221 941	11 681	2 268 484	1 454 751	247 786	1 490 853	777 631
Computer software	-	-	-	-	-	-	-	0	-	-	-	-
Office machines	101 170	5 325	102 688	5 405	-	5 863	309	208 415	54 112	38 033	86 287	122 127
Air conditioners	139 858	7 361	14 732	775	-	-	-	152 726	58 257	40 364	98 621	64 105
Chairs	217 152	11 429	25 180	1 325	-	12 457	656	241 973	114 391	29 186	134 314	107 659
Tables and desks	264 756	13 935	64 728	3 407	-	17 182	904	328 739	122 220	39 301	12 542	148 980
Cabinets and closets	208 680	10 983	100 801	5 305	-	17 128	901	307 741	132 771	30 466	150 525	157 216
Sundry	4 874 554	256 555	-	-	-	119 157	6 271	5 005 681	4 137 984	406 425	4 426 336	579 345
Household trash cans	11 016	580	-	-	-	-	-	11 596	11 016	-	11 016	580
Entrance control	162	9	-	-	-	-	-	171	162	-	162	9
Fire hoses	12 535	660	-	-	-	-	-	13 195	12 535	-	12 535	660
Fire department	8 337	439	-	-	-	-	-	8 776	8 337	-	8 337	439
Motor vehicles	457 200	24 063	113 581	5 978	-	100 670	5 298	494 854	417 468	52 510	369 308	125 546
Trucks	2 310 328	121 596	163 925	8 628	-	124 854	6 571	2 473 051	1 977 585	123 221	1 975 952	497 099
Road scraper	30 217	1 590	-	-	-	-	-	31 807	30 217	-	30 217	1 590
Tractor	466 203	24 537	526 458	27 708	-	1 181	62	1 043 663	250 362	35 267	1 181	284 447
Lawn mower	47 763	2 514	84 462	4 445	-	79	4	139 101	44 525	28 927	73 373	65 728
Compressor	20 236	1 065	-	-	-	-	-	21 301	17 458	712	18 169	3 132
Radio Equipment	137 742	7 250	29 383	1 546	-	5 931	312	169 678	124 650	9 103	127 823	41 856
Telecommunication equipment	28 405	1 495	8 916	469	-	-	-	39 285	28 405	1 212	29 616	9 668
General	483 175	25 430	-	-	-	8 917	469	499 220	273 336	7 632	344 768	154 452
Machine Equipment	202 648	10 666	103 192	5 431	-	-	-	321 936	74 046	16 551	90 597	231 339
	12 043 918	633 890	1 693 264	89 119	0	635 359	33 440	13 791 392	9 344 588	1 178 127	9 912 238	3 879 154
Total	164 120 438	8 579 086	17 278 533	851 318	-	635 359	33 440	190 160 576	71 220 010	8 887 238	79 496 770	110 663 806

APPENDIX C
BEAUFORT WEST MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	Cost								Accumulated Depreciation				Carrying Value
	Opening Balance	Residual Value Opening Bal	Additions	Residual Value Additions	Under Construction	Disposals	Residual Value Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Executive & Council	1 320 095	60 479	44 311	2 332	-	12 604	663	1 413 949	880 179	168 722	12 172	1 036 729	377 220
Finance & Admin	24 117 821	1 265 359	797 198	41 958	-	130 820	6 885	26 084 630	13 079 929	721 730	119 956	13 681 703	12 402 927
Planning & Development	614 829	27 528	40 896	2 152	-	68 067	3 582	613 757	380 496	86 242	67 524	399 213	214 543
Health	100 267	5 277	-	-	-	100 267	5 277	-	75 946	13 677	89 623	-	-
Community & Social Services	1 482 806	76 042	325 753	17 145	-	82 546	4 345	1 814 855	839 469	110 227	82 059	867 637	947 218
Housing	7 965 914	419 259	184 703	826	-	43 189	2 273	8 525 239	5 853 388	314 469	43 189	6 124 668	2 400 571
Public Safety	526 415	27 706	618 290	2 857	-	74 628	3 928	1 096 713	440 805	214 109	74 214	580 701	516 012
Sport & Recreation	16 877 131	882 912	453 749	23 882	-	1 473	78	18 236 123	5 313 494	1 077 567	1 473	6 389 587	11 846 535
Environmental Protection	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	14 915 894	785 047	3 258 933	162 654	-	-	-	19 122 528	8 221 912	719 746	-	8 941 658	10 180 870
Road Transport	43 971 958	2 308 956	4 550 195	234 221	-	4 492	236	51 060 602	14 133 311	2 858 735	4 492	16 987 554	34 073 048
Water	18 403 695	952 542	2 492 642	125 823	-	87 497	4 605	21 882 601	10 867 164	973 351	86 306	11 754 210	10 128 391
Electricity	33 739 579	1 763 557	4 446 205	234 011	-	28 302	1 490	40 153 559	11 085 420	1 601 875	27 996	12 659 299	27 494 261
Other	84 033	4 423	65 658	3 456	-	1 473	78	156 019	48 496	26 787	1 473	73 810	82 209
TOTAL	164 120 438	8 579 086	17 278 533	851 318	-	635 359	33 440	190 160 576	71 220 010	8 887 238	610 478	79 496 770	110 663 806

APPENDIX D
BEAUFORT WEST MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

2007 Actual Income R	2007 Actual Expenditure R	2007 Surplus/ (Deficit) R		2008 Actual Income R	2008 Actual Expenditure R	2008 Surplus/ (Deficit) R
14 486 196	13 316 688	1 169 508	Executive & Council	16 191 721	15 789 821	401 900
12 936 424	8 776 703	4 159 722	Finance & Admin	13 580 492	8 010 676	5 569 816
608 335	2 336 986	(1 728 651)	Planning & Development	310 589	2 380 320	(2 069 731)
13 491	557 290	(543 798)	Health	-	-	-
215 908	1 389 447	(1 173 539)	Community & Social Services	377 915	2 599 743	(2 221 828)
2 831 174	1 915 986	915 188	Housing	13 323 776	14 647 602	(1 323 826)
7 706 639	2 491 885	5 214 754	Public Safety	15 137 383	9 881 837	5 255 545
973 137	3 935 417	(2 962 281)	Sport & Recreation	277 908	4 650 489	(4 372 582)
-	-	-	Environmental Protection	-	-	-
9 343 324	6 161 116	3 182 207	Waste Management	13 137 078	7 245 887	5 891 191
5 401 742	7 082 945	(1 681 203)	Road Transport	5 335 599	9 964 139	(4 628 540)
11 400 705	7 223 558	4 177 147	Water	10 562 183	9 490 378	1 071 805
21 386 520	19 271 827	2 114 692	Electricity	30 646 046	30 379 843	266 203
84 425	907 410	(822 986)	Other	151 563	1 182 706	(1 031 143)
87 388 021	75 367 259	12 020 762	Sub Total	119 032 252	116 223 440	2 808 812
-	(1 826 773)	1 826 773	Less Inter-Dep Charges	-	(4 125 739)	4 125 739
87 388 021	73 540 486	13 847 535	Total	119 032 252	112 097 701	6 934 551
-	-	-	Add: Share of Associate	-	-	-
		13 847 535				6 934 551

APPENDIX E(1)
BEAUFORT WEST MUNICIPALITY
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008

	2008	2008	2008	2008	Explanation of Significant Variances greater than 10% versus Budget
REVENUE	Actual (R)	Budget (R)	Variance (R)	Variance (%)	
Property rates	11 969 210	11 957 170	12 040	0.10%	
Property rates - penalties imposed and collection charges	1 478 625	1 500 000	(21 375)	-1.42%	
Service charges	38 281 020	41 455 887	(3 174 867)	-7.66%	
Rental of facilities and equipment	635 535	553 124	82 411	14.90%	Increased rental : Sanlam and Municipal buildings
Interest earned - external investments	1 295 203	405 471	889 732	219.43%	More funds available for external investments
Interest earned - outstanding debtors	-	-	-	0.00%	
Fines	14 879 396	13 029 834	1 849 562	14.19%	Commission on fines (See Public Safety)
Licences and permits	531 861	524 288	7 573	1.44%	
Income for agency services	435 873	440 000	(4 127)	-0.94%	
Government grants and subsidies	47 594 401	43 494 934	4 099 467	9.43%	
Other income	924 027	381 739	542 288	142.06%	Fines Pre-Paid Elec Meters, Learner Licence, Royalties
Gain on the disposal of assets	1 007 098	2 393	1 004 705	41985.19%	Sale of Land
Total Revenue	119 032 252	113 744 840	5 287 412	4.65%	
EXPENDITURE					
Executive & Council	15 789 821	13 794 793	1 995 027	14.46%	
Finance & Admin	8 010 676	7 795 783	214 892	2.76%	
Planning & Development	2 380 320	2 738 130	(357 810)	-13.07%	Saving on salaries: Admin, Engineering and Building Control
Health	-	-	-	0.00%	
Community & Social Services	2 599 743	2 523 668	76 075	3.01%	
Housing	14 647 602	10 400 355	4 247 246	40.84%	Increase in Top Structure of Housing Scheme
Public Safety	9 881 837	9 855 876	25 962	0.26%	Commission on fines (See fines)
Sport & Recreation	4 650 489	4 766 955	(116 466)	-2.44%	
Environmental Protection	-	-	-	0.00%	
Waste Management	7 245 887	6 849 996	395 891	5.78%	
Road Transport	9 964 139	10 156 327	(192 188)	-1.89%	
Water	9 490 378	8 394 541	1 095 836	13.05%	
Electricity	30 379 843	24 162 777	6 217 065	25.73%	Bulk purchases, Bad debt and Leave Reserve Funds
Other	1 182 706	1 059 295	123 411	11.65%	Government Grant
Less : Interdepartmental Charges	(4 125 739)	(1 876 811)	(2 248 928)	119.83%	Transfer of service charges to inter departmental charges
Total Expenditure	112 097 701	100 621 687	11 476 013	11.41%	
NET SURPLUS/(DEFICIT) FOR THE YEAR	6 934 551	13 123 153	(6 188 601)	-47.16%	

Annexure G

GRAP IMPLEMENTATION PLAN FOR BEAUFROT WEST MUNICIPALITY

Name of municipality:	Beaufort West Municipality	Demarcation Code:	WC053
Name of preparer:	Mr. D. Louw	Date completed:	31 March 2008
Contact Details:	davy@beaufortwestmun.co.za ; 023 414 8100	Financial period:	07/08
Capacity category:	Medium Capacity	(delete whichever not applicable)	

Financial reporting standard	Milestones to be achieved to comply with the standard <i>[include the key challenges that have to be overcome]</i>	Amendment to milestone and or achievement of milestone <i>[include whether the milestones have been achieved or not, the reasons for amendments to the milestones and the reasons for non-achievement]</i>	Person responsible	Estimate date of compliance <i>[must begin after exemption period and take the transitional provisions of the standards into account]</i>
Presentation of financial statements (GRAP 1)	<ul style="list-style-type: none"> Preparation of GRAP compliant financial statements. Restatement of incorrect conversion balances as at 30 June 2006. Challenges as listed below. 	<ul style="list-style-type: none"> The municipality has achieved this milestone 	CFO	<i>AFS 30 June 2007 Completed</i>
Cash flow statements (GRAP 2)	<ul style="list-style-type: none"> Obtain a thorough understanding of the format of the cash flow statement. No challenges to overcome. 	<ul style="list-style-type: none"> The municipality has achieved this milestone 	CFO	<i>Already implemented for AFS 30 June 2007</i>
Accounting policies, changes in accounting estimates and errors	<ul style="list-style-type: none"> A draft accounting policy must be prepared in order to budget for 2008/2009 	<ul style="list-style-type: none"> The municipality has achieved this milestone 	CFO	Completed

Annexure G

GRAP IMPLEMENTATION PLAN FOR BEAUFROT WEST MUNICIPALITY

Financial reporting standard	Milestones to be achieved to comply with the standard <i>[include the key challenges that have to be overcome]</i>	Amendment to milestone and or achievement of milestone <i>[include whether the milestones have been achieved or not, the reasons for amendments to the milestones and the reasons for non-achievement]</i>	Person responsible	Estimate date of compliance <i>[must begin after exemption period and take the transitional provisions of the standards into account]</i>
(GRAP 3)	<ul style="list-style-type: none"> The municipality will have to investigate what the potential impact of Standards approved but not yet effective may be on the annual financial statements. 			AFS 30 June 2009
The Effects of Changes in Foreign Exchange Rates (GRAP 4)	<ul style="list-style-type: none"> The municipality is not involved in any foreign currency transactions. 	<ul style="list-style-type: none"> As before 	CFO	AFS 30 June 2009
Consolidated and Separate Financial Statements (GRAP 6)	<ul style="list-style-type: none"> The municipality has established through a review that it does not have any entities in which it has a controlling interest. 	<ul style="list-style-type: none"> The municipality has achieved this milestone 	CFO	Completed
Investments in Associates (GRAP 7)	<ul style="list-style-type: none"> The municipality has established through a review that it does not have any entities over which it has significant influence. 	<ul style="list-style-type: none"> The municipality has achieved this milestone 	CFO	Completed
Interests in Joint Ventures (GRAP 8)	<ul style="list-style-type: none"> The municipality has established through a review that it does not have any public private partnerships which may constitute a joint 	<ul style="list-style-type: none"> The municipality has achieved this milestone 	CFO	Completed

Annexure G

GRAP IMPLEMENTATION PLAN FOR BEAUFROT WEST MUNICIPALITY

Financial reporting standard	Milestones to be achieved to comply with the standard <i>[include the key challenges that have to be overcome]</i>	Amendment to milestone and or achievement of milestone <i>[include whether the milestones have been achieved or not, the reasons for amendments to the milestones and the reasons for non-achievement]</i>	Person responsible	Estimate date of compliance <i>[must begin after exemption period and take the transitional provisions of the standards into account]</i>
	venture.			
Revenue from Exchange Transactions (GRAP 9)	<ul style="list-style-type: none"> The municipality will review all revenue sources in order to establish compliance with this Standard. The potential impact of paragraph 12 and SAICA Circular 09/06 will have to be assessed. 	<ul style="list-style-type: none"> The municipality is on target to prepare GRAP AFS for the year ended 30 June 2008 	CFO	30 June 2008 (except paragraph 12 of GAMAP 9 and SAICA Circular 09/06.) Rest of the Standard, 1 July 2008.
Construction Contracts (GRAP 11)	<ul style="list-style-type: none"> The municipality will review the Standard in order to understand what constitutes a construction contract as defined by the Standard. 	<ul style="list-style-type: none"> The municipality is on target to achieve this milestone. 	CFO	1 July 2008
Inventories (GRAP 12)	<ul style="list-style-type: none"> Water inventory was included in the 2006/2007 financial statements. The municipality will review the Standard in order to understand its requirements. The municipality's costing systems will be reviewed in order to establish if its current reporting capability is 	<ul style="list-style-type: none"> The municipality is on target to achieve this milestone 	CFO	1 July 2008

GRAP IMPLEMENTATION PLAN FOR BEAUFROT WEST MUNICIPALITY

Financial reporting standard	Milestones to be achieved to comply with the standard <i>[include the key challenges that have to be overcome]</i>	Amendment to milestone and or achievement of milestone <i>[include whether the milestones have been achieved or not, the reasons for amendments to the milestones and the reasons for non-achievement]</i>	Person responsible	Estimate date of compliance <i>[must begin after exemption period and take the transitional provisions of the standards into account]</i>
	<p>sufficient to comply with the requirements of the Standard.</p> <ul style="list-style-type: none"> Any adjustments required to the costing system will be made. 			
Leases (GRAP 13)	<ul style="list-style-type: none"> The leases were identified and were included in fixed assets for the year ended 30 June 2007 	<ul style="list-style-type: none"> The municipality has achieved this milestone 	CFO	AFS 30 June 2007
Events after the Reporting Date (GRAP 14)	<ul style="list-style-type: none"> The preparers of the financial statements will have discussions with senior officials and its lawyers in order to determine if any events after reporting date has occurred. 	<ul style="list-style-type: none"> The municipality is on target to prepare GRAP AFS for the year ended 30 June 2008 	CFO	AFS 30 June 2008
Investment Property (GRAP 16)	<ul style="list-style-type: none"> All investment property must be transferred from PPE to investment property. A new accounting policy regarding investment property should be prepared and adopted. 	<ul style="list-style-type: none"> The municipality is in the process of identifying all its investment property and will achieve its milestone. 	CFO	AFS 30 June 2009

GRAP IMPLEMENTATION PLAN FOR BEAUFROT WEST MUNICIPALITY

Financial reporting standard	Milestones to be achieved to comply with the standard <i>[include the key challenges that have to be overcome]</i>	Amendment to milestone and or achievement of milestone <i>[include whether the milestones have been achieved or not, the reasons for amendments to the milestones and the reasons for non-achievement]</i>	Person responsible	Estimate date of compliance <i>[must begin after exemption period and take the transitional provisions of the standards into account]</i>
	<ul style="list-style-type: none"> The fixed asset register must be amended in order to process investment property transactions. The full impact of the change in accounting policy must be disclosed in the financial statements. 			
Property, Plant and Equipment (GRAP 17)	<ul style="list-style-type: none"> The municipality has performed a physical verification of its PPE and prepared a fixed asset register. The fixed asset register should be reviewed in order to ensure that the funding sources are correct. An accounting policy regarding the PPE should be prepared and approved. The Auditor-General's office will be contacted in order to determine whether an Asset Capitalisation threshold is allowed. 	<ul style="list-style-type: none"> The municipality has achieved this milestone The municipality has achieved the milestone. The municipality has achieved this milestone and all capitalization thresholds were removed from the Fixed Asset Register. 	CFO	<p><i>Completed</i></p> <p><i>AFS 30 June 2008</i></p> <p>31 December 2007</p>

GRAP IMPLEMENTATION PLAN FOR BEAUFROT WEST MUNICIPALITY

Financial reporting standard	Milestones to be achieved to comply with the standard <i>[include the key challenges that have to be overcome]</i>	Amendment to milestone and or achievement of milestone <i>[include whether the milestones have been achieved or not, the reasons for amendments to the milestones and the reasons for non-achievement]</i>	Person responsible	Estimate date of compliance <i>[must begin after exemption period and take the transitional provisions of the standards into account]</i>
	<ul style="list-style-type: none"> Infrastructure assets should be identified and valued by engineers. All land and buildings should be revalued once the new valuation roll is finalized. Review of useful life of item of PPE recognised in the annual financial statements. Review of the depreciation method applied to PPE recognised in the annual financial statements. Impairment of non-cash generating assets. The municipality requires capacity building in order to understand how impairment tests are performed. 	<ul style="list-style-type: none"> The municipality is on track to achieve this milestone. The milestone will be achieved. The municipality will commence with this process before the current year-end. The depreciation methods will be reviewed before the current year-end. The municipality will commence with a process to identify any assets that may potentially be impaired. The relevant heads of department will be capacitated to be able to identify possible impairments. 		<p>30 June 2009</p> <p>AFS 30 June 2009</p> <p>AFS 30 June 2009</p> <p>AFS 30 June 2009</p> <p>AFS 30 June 2009</p>
	<ul style="list-style-type: none"> Impairment of cash 	<ul style="list-style-type: none"> The municipality will 		AFS 30 June 2009

GRAP IMPLEMENTATION PLAN FOR BEAUFROT WEST MUNICIPALITY

Financial reporting standard	Milestones to be achieved to comply with the standard <i>[include the key challenges that have to be overcome]</i>	Amendment to milestone and or achievement of milestone <i>[include whether the milestones have been achieved or not, the reasons for amendments to the milestones and the reasons for non-achievement]</i>	Person responsible	Estimate date of compliance <i>[must begin after exemption period and take the transitional provisions of the standards into account]</i>
	generating assets. The municipality requires capacity building in order to understand how impairment tests are performed.	commence with a process to identify any assets that may potentially be impaired. The relevant heads of department will be capacitated to be able to identify possible impairments.		
Provisions, Contingent Liabilities and Contingent Assets (GRAP 19)	<ul style="list-style-type: none"> The municipality will appoint external specialists to assist with the identification of potential provisions, liabilities and contingent assets. 	<ul style="list-style-type: none"> The municipality is on target to prepare GRAP AFS for the year ended 30 June 2008 	CFO	AFS 30 June 2008
Non-current Assets held for Sale and Discontinued Operations (GRAP 100)	<ul style="list-style-type: none"> No problems foreseen. 		CFO	AFS 30 June 2009
Agriculture (GRAP 101)	<ul style="list-style-type: none"> The municipality has appointed external specialists to assist with the identification of potential biological assets. 	<ul style="list-style-type: none"> The municipality is on target to prepare GRAP AFS for the year ended 30 June 2008 	CFO	AFS 30 June 2008

Annexure G

GRAP IMPLEMENTATION PLAN FOR BEAUFROT WEST MUNICIPALITY

Financial reporting standard	Milestones to be achieved to comply with the standard <i>[include the key challenges that have to be overcome]</i>	Amendment to milestone and or achievement of milestone <i>[include whether the milestones have been achieved or not, the reasons for amendments to the milestones and the reasons for non-achievement]</i>	Person responsible	Estimate date of compliance <i>[must begin after exemption period and take the transitional provisions of the standards into account]</i>
Intangible assets (GRAP 102)	<ul style="list-style-type: none"> The municipality will appoint external specialists to assist with the identification of potential intangible assets. The asset register needs to be adjusted in order capture all intangible assets. An accounting policy needs to be drafted for the treatment of intangible assets. 	<ul style="list-style-type: none"> The municipality is on target to prepare GRAP AFS for the year ended 30 June 2008 	CFO	30 June 2008 for computer software. 30 June 2009 for all other intangible assets.
Financial Instruments: Disclosures (IFRS 7/AC 144)	<ul style="list-style-type: none"> The municipality needs training and clarification on the impact and requirements of this Standard. 	The municipality is on track to achieve this milestone	CFO	30 June 2009
Income Taxes (IAS 12/AC 102)	<ul style="list-style-type: none"> Not applicable to this municipality. 		CFO	
Employee benefits (IAS 19/AC 116)	<ul style="list-style-type: none"> The municipality will request for quotations for the appointment of actuaries to value all employee benefits in order to use as comparatives. 	<ul style="list-style-type: none"> The municipality is in the process of appointing actuaries to assist with the valuation of employee benefits. 	CFO	30 June 2009

GRAP IMPLEMENTATION PLAN FOR BEAUFROT WEST MUNICIPALITY

Financial reporting standard	Milestones to be achieved to comply with the standard <i>[include the key challenges that have to be overcome]</i>	Amendment to milestone and or achievement of milestone <i>[include whether the milestones have been achieved or not, the reasons for amendments to the milestones and the reasons for non-achievement]</i>	Person responsible	Estimate date of compliance <i>[must begin after exemption period and take the transitional provisions of the standards into account]</i>
	<ul style="list-style-type: none"> Once the value of the potential liability is calculated, the municipality will determine a phasing-in policy for the provision of the total liability. 	<ul style="list-style-type: none"> External consultants will assist the municipality to ensure that the actuarial valuation is correctly accounted for in the municipality's financial statements as well as to assist the municipality with a phasing-in strategy. 		
Accounting for Government Grants and Disclosure of Government Assistance (IAS 20/AC 134)	<ul style="list-style-type: none"> The municipality needs training and clarification on the impact and requirements of this Standard vis a vis GAMAP 9. 	The municipality is on track to achieve this milestone	CFO	30 June 2009
Financial Instruments: Presentation (IAS 32/AC 125)	<ul style="list-style-type: none"> The municipality needs training and clarification on the impact and requirements of this Standard. 	The municipality is on track to achieve this milestone	CFO	30 June 2009
Impairment of Cash-generating Assets (IAS 36/AC 128)	<ul style="list-style-type: none"> The municipality needs training and clarification on the impact and requirements of this Standard. 	The municipality is on track to achieve this milestone	CFO	30 June 2009
Financial Instruments: and Recognition	<ul style="list-style-type: none"> The municipality needs training and clarification on 	The municipality is on track to achieve this milestone	CFO	30 June 2009

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Financial reporting standard	Milestones to be achieved to comply with the standard <i>[include the key challenges that have to be overcome]</i>	Amendment to milestone and or achievement of milestone <i>[include whether the milestones have been achieved or not, the reasons for amendments to the milestones and the reasons for non-achievement]</i>	Person responsible	Estimate date of compliance <i>[must begin after exemption period and take the transitional provisions of the standards into account]</i>
Measurement (IAS 39/AC 133)	the impact and requirements of this Standard.			
Impairment of non-cash-generating Assets (IPSAS 21)	<ul style="list-style-type: none"> The municipality needs training and clarification on the impact and requirements of this Standard. 	The municipality is on track to achieve this milestone	CFO	30 June 2009



BEAUFORT WEST MUNICIPALITY

SUPPLY CHAIN MANAGEMENT

IMPLEMENTATION REPORT

for the

2007/2008 FINANCIAL YEAR

INDEX

The scope of the implementation review will include the following:

Introduction

1. The Delegations
2. Organizational Structure
3. Competency Levels of the Supply Chain Management Unit
4. Demand and Acquisition Management
5. The Bid Committee System
6. Minor Breaches and Deviations
7. Awards to Close Family Members of Persons in the Service of the State
8. Awards to Persons in the Service of the State
9. Logistic, Disposal and Risk Management
10. Recommendations
11. Conclusion

Supply Chain Management Implementation Report

The Local Government: Municipal Finance Management Act, No 56 of 2003, (the 'MFMA') requires the municipality to have and implement a Supply Chain Management Policy which gives effect to the provisions of Part 1 of Chapter 11 of the Act that deals with 'Supply Chain Management'.

On the 30th May 2005 the Municipal Supply Chain Management Regulations were issued. As a Medium Capacity Municipality the Beaufort West Municipality had to comply with the provisions of the Regulations from 01 January 2006. The SCM Policy, together with the applicable set of delegations was approved by Council on February 22, 2006 at a legally constituted Council meeting.

Although the MFMA prohibits a Councillor from being a member of a bid committee or any other committee evaluating or approving quotations, bids or tenders the council has an oversight role to ensure that the accounting officer implements all supply chain management activities in accordance with this policy. For the purposes of such oversight the Regulations require that the accounting officer must -

- (a) Within 30 days of the end of each financial year, submit a report on the implementation of the policy to the Council.**

Following please find said Supply Chain Management Implementation Policy for the 2007/8 financial year:

1. The Delegations

The Accounting Officer is responsible for implementing the policy and taking all reasonable steps to ensure that proper mechanisms and separation of duties in the supply chain management system are in place to minimise the likelihood of fraud, corruption, favouritism and unfair and irregular practices.

In terms of this responsibility Council has adopted a full set of delegations which assist in maximising the administrative and operational efficiency. The delegations also provide adequate checks and balances in the municipalities Supply Chain Management function. According to Section 79 and 106 of the MFMA delegations and sub-delegations in terms of sub-section 1 must be in writing.

Currently the Accounting Officer has delegated powers and duties to directors as prescribed by the SCM Policy, but these delegations have not been conferred in writing between the individuals. There are also minor sub-delegations in place in terms of individual officials' job description but has these sub-delegations not been conferred in writing between the parties as is prescribed by the policy. The municipality has duly implemented the Bid Committee system, but also without the proper written delegations.

The undertaking by the Supply Chain Management Unit to exercise a thorough identification of the powers and the duties of officials to determine the relevant levels for sub-delegations to the incumbents and compile written delegations and have implemented this system of written delegations in terms of the legislation by the 1st of October 2007 has not been reached. This project will be re-launched with a completion date of 31 October 2008. Progress on the implementation will be provided on an ongoing basis through the quarterly reports.

1. Organizational Structure

In terms of Paragraph 7 of the Municipal Supply Chain Management Regulations (MSCMR) the municipality must establish a Supply Chain Management Unit (SCMU) to implement its supply chain management policy. The SCMU must operate under the direct supervision of the Chief Financial Officer or may be delegated to an official in terms of Section 82 of the MFMA.

During the reporting period the staff complement that performed the duties and functions in terms of the SCM policy were as follows:

Manager: Expenditure	-	Supply Chain Management Practitioner Co-ordinates and controls the implementation of the Policy
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Manager: Supply Chain Management	-	Supply Chain Management Practitioner, - Implementation of the Policy - Supervise the implementing staff at the stores - Processing of procedures for procurement above R 30 000
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Stores Master	-	Supply Chain Management Practitioner - Processing of procedures for procurement up to R 30 000 - Processing of Invoices - Supervise staff in Stores
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Stores Clerk	-	Processing of Orders
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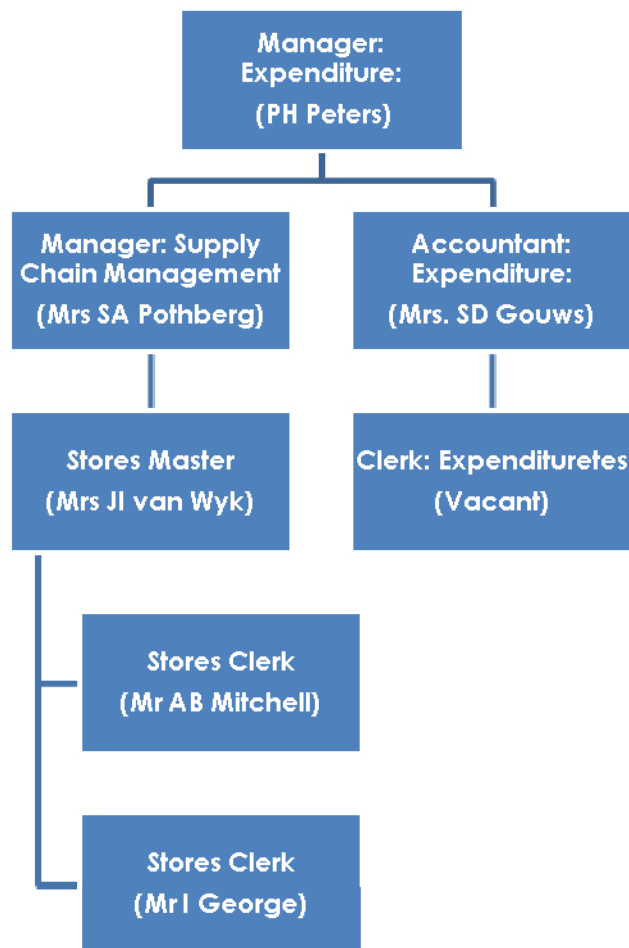
Stores Clerk	-	Processing of Stock Issues Receipt of Goods
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Monitoring of Stock Levels

Accountant Expenditure - Payment of Vendors / General Payments

Clerk Expenditure - Position is vacant but is occupied by a temporary Clerk
Payment of Vendors / General Payments

Council has appointed mrs SA Pothberg as the Manager: Supply Chain Management as from 2 July 2007. This effectively meant that Council could now operate with a fully fledged SCM Unit, sub-delegated to the Manager: Expenditure. The organizational structure within the unit is set out as follows:



This structure ensures that proper mechanisms and separation of duties in the supply chain management system are in place to minimise the likelihood of fraud, corruption,

favouritism and unfair and irregular practices. The Supply Chain Management Practitioner being responsible for the administration and the implementation of the SCM policy, whilst the Manager: Expenditure will fulfil the role of control and strategic guidance and the two officials interchangeably taking part in the Bid Committee system.

A Risk Assessment has been performed during the past year and Supply Chain Management was recognized as a field with capacity constraints to adequately deal with SCM compliance and the resulting recommendation was to remedy this situation with additional staff. We propose an amendment to the organogram to mitigate this concern with the introduction of a Supply Chain Management Officer focussing on responsiveness evaluations, compliance verifications and administrative duties.

This option should however be further investigated as our objectivity might be clouded by the absence of a thorough analysis of the responsibilities and duties of the Manager: Supply Chain Management and might be rectified with an overview of the current systems. The absence of the SCM Manager has however made the need for additional SCM expertise within the municipality a matter of urgency.

2. Competency Levels of the Supply Chain Management Unit

During the week of 10 to 14 March 2008 an Intervention Week was hosted by the SCM Units of the Beaufort West Municipality, The Central Karoo District Municipality and staff from Provincial Treasury.

Four days was allocated to compliance audits and workshops with municipal officials whilst the week culminated in an open day for small businesses on Friday the 14 March. Representatives from Plek Plan, Red Door and SARS provided inputs on this highly successful day with more than 50 participants.

Supply Chain Management Practitioners in the Municipality were also exposed to further training by SAMDI via the Bid Committee training and the workshop on Contract Management.

There is also regular engagement on a district level with the Central Karoo District Municipality and this engagement will be formalised in the future within the framework of the District Area Financial Forum. The absence of the Manager: Supply Chain Management due to an extended sick leave has also brought the SCM Practitioner from the CKDM into the fold with much of the workload being handled by her.

The following officials have been exposed to SCM training and workshops:

Official	Designation	Training
Louw D	Director: Financial Services	<ul style="list-style-type: none"> • Introduction to SCM • SCM for Senior Managers • Bid Committee Training • SCM Forum • Contract Management • CPMD
Peters PH	Manager: Expenditure	<ul style="list-style-type: none"> • Introduction to SCM • SCM for Senior Managers • Bid Committee Training

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		<ul style="list-style-type: none"> • SCM Forum • Contract Management • SCM Intervention Week with PGWC
Pothberg SA	Manager: Supply Chain Management	<ul style="list-style-type: none"> • Introduction to SCM • Workshop SCM Policy • Bid Committee Training • Contract Management • SCM Intervention Week with PGWC • Application of BBBEEA
Van Wyk JI	Stores Master	<ul style="list-style-type: none"> • Introduction to SCM • SCM Intervention Week with PGWC
Gouws SD	Accountant: Expenditure	<ul style="list-style-type: none"> • Introduction to SCM • Workshop SCM Policy
George I	Clerk: Stores	<ul style="list-style-type: none"> • Introduction to SCM • Workshop SCM Policy • SCM Intervention Week with PGWC
Mitchell BA	Clerk: Stores	<ul style="list-style-type: none"> • SCM Intervention Week with PGWC

As members of the Western Cape Supply Chain Management Forum we are privy to regular engagement with other SCM officials and information sessions on a quarterly basis.

3. Demand Management

Preferred Suppliers Database

In terms of the Municipal Financial Management Act (MFMA) (Act 56 of 2003) the Beaufort West Municipality is required to have a Preferred Suppliers Database.

Purchases for goods and services for the Municipality shall be made through the Preferred Suppliers Database. The Beaufort West Municipality has a Preferred Suppliers Database and requested all current as well as interested suppliers to register on our database during August 2007. The current database application form has been proven to be a cumbersome document to complete and will the document be reviewed in order to make it more accessible and will a third round of invitations to register and update the current database be advertised during August 2008.

Council's Financial Management System has been upgraded during April 2008 and now includes information fields which comply with the SCM policy. A project is planned during October 2008 to populate the vendor data on the Sebata FMS in order to attain full functionality and control within the system.

Supply Chain Management processes

The following thresholds are currently being adhered to in order to support the strategic and operational commitments of the municipality:

(a) Petty cash purchases

Goods are purchased by way of petty cash purchases, up to a transaction value of R2 000 (VAT included).

(b) Written or verbal quotations

Goods and services are procured by way of written or verbal quotations for a transaction value over R2 000 up to R10 000 (VAT included).

(c) Formal written price quotations

Goods and services must be procured by way of formal written price quotations for procurements of a transaction value over R10 000 up to R200 000 (VAT included).

(d) A competitive bidding process

Goods and services are procured by way of a competitive bidding process for-

- procurement above a transaction value of R200 000 (VAT included); and
- the procurement of long term contracts.

The development of Procurement Procedures was set as a prime objective for the 2007/8 financial year. This goal, although in progress and with few tangible results has not been reached. However the lack of progress has been addressed by the provision of technical support by the DBSA and an expert seconded by the bank has already visited us in order to ascertain the scope of the problem. No deadline has been set but we foresee the final result as well as implementation by the end of the 2008/9 financial year.

4. The Bid Committee System

The Bid Committee system for competitive bids has been actively applied within the municipality over the past financial year. Officials are still being invited on an ad-hoc basis to participate in the committees as and when required, but with written delegations in order to participate in the committees.

(a) The bid specification committee

The bid specification committee compiles the specifications for the procurement of goods or services by the municipality.

The committee is appointed by the Accounting Officer and must be composed of one or more officials of the municipality, preferably a Supply Chain Management Practitioner and the manager responsible for the function involved, and may when regarded appropriate by the Accounting Officer, include external specialist advisors. The proceedings are being formalised via the arrangement of meetings by the Corporate Services Directorate.

(b) The bid evaluation committee

The bid evaluation committee is appointed by the Accounting Officer and must as far as possible be composed of-

- officials from departments requiring the goods or services; and
- at least one supply chain management practitioner of the municipality.

The proceedings have been formalised by taking minutes of the proceedings of the Bid Evaluation Committee meetings by administrative personnel from the Directorate: Corporate Services.

(c) The bid adjudication committee

The bid adjudication committee must consist of at least four senior managers of the municipality which must include-

- the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer;
- at least one senior supply chain management practitioner who is an official of the municipality; and
- a technical expert in the relevant field who is an official of the municipality, if
- the municipality has such an expert.

The Bid Adjudication Committee has been fully functional and has been involved in all bids exceeding R 200 000 and due to a conservative approach even awards to a lesser value.

Bids awarded by the Bid Adjudication Committee

The following bids were awarded by the Bid Adjudication Committee in terms of the SCM Policy and the Preferential Procurement Policy for the 2007/2008 financial year:

BIDS AWARDED BY BID ADJUDICATION COMMITTEE

PROJECT DESCRIPTION	Project No.:	BIDDERS	Awarded to	Director(s) of Successful Local Bidder	Amount of Responsive Tenders (Successful Highlighted)	Points awarded into Preferential Procurement Policy
Supply and delivery one new 55HP two wheel drive Tractor	55/2007	<ul style="list-style-type: none"> • Business Behind Empowerment (Pty)Ltd 	<ul style="list-style-type: none"> • Business Behind Empowerment (Pty)Ltd 	No local tenders received	<ul style="list-style-type: none"> • R 151 000.00 	12.6/20
Supply and delivery of one new petrol driven multi-purpose vehicle	05/2007	<ul style="list-style-type: none"> • Beaufort West Toyota 	Beaufort West Toyota	C De Villiers	<ul style="list-style-type: none"> • R 119 559.00 	0/20
Bulk supply of electricity to Beaufort West Mall	48/2007	<ul style="list-style-type: none"> • Kontrei Elektries • CB Elektries 	Kontrei Elektries	No local tenders received	<ul style="list-style-type: none"> • R 996 794.70 • R 1 196 323.27 	3.6/20
Electrical Reticulation of Hillside II & IV	53/2007	<ul style="list-style-type: none"> • Kontrei Elektries • CB Elektries • VE Reticulation 	<ul style="list-style-type: none"> • Kontrei Elektries 	No local tenders received	<ul style="list-style-type: none"> • R 4 406 855.93 • R 4 521 100.33 • R 6 645 115.29 	1.48/10

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Profesional Services:Credit control and Debt Collection	40/2007	<ul style="list-style-type: none"> • Geodebt Solutions • Ignite Advisory Services(Pty)Ltd • Revco Revenue Consulting (Pty)Ltd • Debtmanager (Pty)Ltd 	Geodebt Solutions	No local tenders received	<ul style="list-style-type: none"> • R1 174 740.00 • R 654 180.00 • R 183 288.00 • R 2 910 762.00 	10/20
Risk Management Systems		<ul style="list-style-type: none"> • Price Waterhouse Coopers • Bridging Concepts Financial Services (Pty)Ltd 	Bridging Concepts Financial Services (Pty)Ltd	No local tenders received	<ul style="list-style-type: none"> • R 225 150.00 • R 68 480.94 	
Audit - Telkom Accounts		<ul style="list-style-type: none"> • TelRecon CC • NUS Consulting Group • C.A.S Communications Consultants 	NUS Consul-ting Group	No local tenders received	<ul style="list-style-type: none"> • Agreement with Company percentage claiming depending on savings 	
Supply and Installation of a Sever for the Sebata Financial Management System	71/2007	<ul style="list-style-type: none"> • Welcomp Computers • Juvinon Systems • Procon IT Solutions 	Welcomp Computers	No local tenders received	<ul style="list-style-type: none"> • R 120 793.20 • R 152 151.00 • R 152 760.00 	4/20
Disposal of Rock from channel Excavation		<ol style="list-style-type: none"> 1. Trucon 2. G Pietersen 3. Karoo Frame Traders 4. Sincede 	Trucon	A Truter	<ul style="list-style-type: none"> • R 128 250.00 	.05/20

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Huur van 20ton Uitgrawingsmasjien	96/2007	<ul style="list-style-type: none"> • Trucon • Blazecor 	Blazecor	<ul style="list-style-type: none"> • M Verveen • C Green • T Green 	<ul style="list-style-type: none"> • R 170 752.40 • R 152 580.00 	17.8/20
Extention of bicycle lane next to Mandlenkosi Road	ICE/B/57 9	<ul style="list-style-type: none"> • Greystone Trading • Trucon • Enstha Henra cc 	Trucon	A Truter	<ul style="list-style-type: none"> • R 920 438.87 • R 962 875.12 • R 1 611 176.19 	0.5/20
Reseal of Roads	08/2007	<ul style="list-style-type: none"> • Zebra Bituminous Surfacing cc • TOR Construction cc 	Zebra Bituminous Surfacing cc	No local tenders received	<ul style="list-style-type: none"> • R 1 741 663.04 • R 2 273 116.40 	1/10
Vat Investigation		<ul style="list-style-type: none"> • Deloitte & Touch 	Deloitte & Touch	No local tenders received	<ul style="list-style-type: none"> • Agreement of 50% of savings 	
Exploratory Drilling	11/2007	<ul style="list-style-type: none"> • JJ du Plessis • RPM Drilling 	JJ du Plessis for the amount of R 144 000	JJ du Plessis	<ul style="list-style-type: none"> • R 144 000.00 • R 355 385.88 	0/20 0/20
Water Meter Audit, Maintenance and Management Strategy	12/2007	<ul style="list-style-type: none"> • Kwezi V3 Engineers • Element Consulting Engineers • CSM Consulting Engineers • Ninham Shand • Uhambiso Consult 	Kwezi V3 for the amount of R 235 422.54	No local tenders received	<ul style="list-style-type: none"> • R 235 422.54 • R 460 172.40 • R 579 462.00 • R 494 988.00 • R 436 848.00 	9.72/20

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Supply and Delivery of Two Trailer-Mounted Personnel Platforms		• Nifty Lift SA cc	Nifty Lift SA cc for R 461 244	No local tenders received	• R 461 244	1/20
Professional Services: Occupational Health and Safety	04/2007	• Integrated Health and Safety Systems	Integrated Health & Safety Systems for R 172 772	No local tenders received	• R 172 772	
Sale of Erven in Extension 14, Essopville • Erf 5295 • Erf 5299	03/2007	• I Kaptein RS Smith R Maans M Dassie PN Nyuka J Julies • I Kaptein RS Smith R Maans M Dassie PN Nyuka J Julies	I Kaptein for R 6 840.00 RS Smith for R 25 000.00		• R 6 840.00 • R 25 000.00	
Sale of Erven in Nelspoort	04/2007	• B Keyster • K Alexander • EG Booysen • E Hendricks	EG Booysen for R 6 860.00		• R 6 860.00	12/20

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Professional Services: Water Supply System	10/2007	<ul style="list-style-type: none"> • V Jonas • Kwezi V3 Engineers (Pty)Ltd • Element Consulting Engineers • CSM Consulting Services • Ninham Shand (Pty)Ltd • Uhambiso Consult (Pty)Ltd 	Kwezi V3 Engineering Services for R 398 589.60	No local tenders received	<ul style="list-style-type: none"> • R 398 589.60 • R 460 172.40 • R 579 462.00 • R 494 988.00 • R 436 848.00 	6.20/10
Supply and Delivery of One New Diesel Driven 4Ton Tip Truck	04/2008	<ul style="list-style-type: none"> • TATA Worcester • Short's: Option A • Short's: Option B • Meyers Motors • AAD Truck and Bus 	TATA Worcester for R 195 000.00	No local tenders received	<ul style="list-style-type: none"> • R 195 000.00 • R 238 733.10 • R 266 891.10 • R 270 008.25 • R 266 445.00 	13/20
Supply and Delivery of Fencing Material	15/2008	<ul style="list-style-type: none"> • Penta Draad • All About Fencing • AE Tyulu • Boyisile Services CC • Penny Pinchers • Masande Trading CC • Beaufort Wes Verspreiders CC 	Penta Draad		<ul style="list-style-type: none"> • R 269 685.99 • - • - • R 489 381.92 • - • R 359 379.30 • R 317 001.60 	0/20
Provision of Comprehensive Banking Services	122/2007	<ul style="list-style-type: none"> • ABSA Bank • First National Bank • Standard Bank 	ABSA Bank	<ul style="list-style-type: none"> • ABSA Bank 	<ul style="list-style-type: none"> • R 2 071 716.00 • R 2 664 300.00 • R 2 230 279.90 	N/A

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Development of Service Delivery and Budget Implementation Plan	32/2008	<ul style="list-style-type: none"> Mubesko Africa Ignite Advisory Services 	Mubesko Africa	No local tenders received	<ul style="list-style-type: none"> R 38 122.00 - 	0/20
Supply and Delivery of Electrical Cables	31/2008	<ul style="list-style-type: none"> Aberdare Cables (Pty)Ltd Siyaphambili Electrical & Industrial Supplies CC Alstom Electrical SA (Pty)Ltd G&C Suppliers 	<ul style="list-style-type: none"> Aberdare Cables (Pty)Ltd 	No local tenders received	<ul style="list-style-type: none"> R 428 561.00 - R 517 418.00 R 581 286.00 	7.68/20
Compilation of GRAP Annual Financial Statements for 2007/8	49/2008	<ul style="list-style-type: none"> Mubesko Africa Price Waterhouse Coopers Sebata 	Mubesko Africa	No local tenders received	<ul style="list-style-type: none"> R 193 344.00 R 242 671.80 R 480 422.90 	0/20
Disposal of Erven in Extension 14: Erf 5297	02/2008	<ul style="list-style-type: none"> EM Riegers 	EM Riegers	<ul style="list-style-type: none"> EM Riegers 	<ul style="list-style-type: none"> R 12 000 	
Service Provider to Provide Potable Water from Treated Sewage Effluent	09/2007	<ul style="list-style-type: none"> Waste & Waste Water Engineering CC 		No local tenders received	<ul style="list-style-type: none"> 	
Professional Services: Occupational Health and Safety	04/2007	<ul style="list-style-type: none"> ISHS 	ISHS	No local tenders received	<ul style="list-style-type: none"> R 184 433.76 	5.20/20

5. Minor Breaches and Deviations

6.1 Minor breaches of procurement processes

The Supply Chain Management Policy states in Paragraph 10.3.2 that: "The accounting officer may ratify minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature".

During the 2007/2008 financial year the following minor breaches were ratified by the Accounting Officer:

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BEAUFORT WEST MUNICIPALITY Minor Breaches in terms of Council's Supply Chain Management Policy					
Date	Amount	Service Provider / Supplier	Description	Deviation	Paragraph
2008/04/08	R 3,000.00	LENA JULY	PHP Project- Catering in Nelspoort	No public invitation to quote in terms of policy	Paragraph 10.3.2
2008/05/30	R 2,250.00	MAGRET QUKWANA	PHP Project- Catering	No public invitation to quote in terms of policy	
2008/05/27	R 3,950.00	MASIQHAME TRADING 402	PHP Project- Catering	No public invitation to quote in terms of policy	
2008/05/22	R 2,250.00	INYAMEKO 445 CC	PHP Project- Catering	No public invitation to quote in terms of policy	
2008/04/14	R 4,617.00	C A VAN WYK	Digging of Holes	No public invitation to quote in terms of policy	
2008/04/30	R 21,000.00	N COLYN	Labour quotation- Vibrucrete Wall	No public invitation to quote in terms of policy	
2008/06/20	R 3,872.72	NIFTYLIFT SA CC	Spare wheels for new Cherry Pickers from supplier of vehicles	No public invitation to quote in terms of policy	
2008/06/26	R 12,500.00	D FORTUIN	Carpentry at Hillside Office	No public invitation to quote in terms of policy	
2008/06/30	R 4,430.00	D FORTUIN	Carpentry at Hillside Office	No public invitation to quote in terms of policy	
2008/04/22	R 2,600.00	GC CONCRETE PRODUCTS	Manufacturing of Concrete Bollards	No public invitation to quote in terms of policy	
2008/04/21	R 3,150.00	KAROO BETONWERKE	Sole Supplier	No public invitation to quote in terms of policy	

6.2 Deviations from Procurement Processes

The Supply Chain Management Policy states in Paragraph 10.3.1: "The accounting officer may dispense with the official procurement processes established by this policy and may procure any required goods or services through any convenient process, which may include direct negotiations, but only –

- (b) if such goods or services are produced or available from a single provider only;
- (d) in any other exceptional case where it is impractical or impossible to follow the official procurement processes"

Accordingly please find a schedule of the deviations approved by the Accounting Officer during the 2007/8 financial year:

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BEAUFORT WEST MUNICIPALITY DEVIATIONS in terms of Council's Supply Chain Management Policy				
Supplier	Date	Cheque number	Amount R	Reason for deviating
Engen Truckstop	27/07/07	55715	3 259.87	Only reliable supplier in town that was willing to deliver diesel on account. Diesel supplier, but from 1 August 2007 we are using the petrol cards for procurement of fuel.
	14/08/07	55785	2 977.46	
	27/07/07	55716	2 363.08	
	14/08/07	55786	2 814.11	
	27/07/07	55717	23 374.33	
	14/08/07	55787	23 686.59	
	24/08/07	55837	11 534.73	
Karoo Motors Workshop	31/08/07	55957	5 006.88	Sole supplier willing to render services to the municipality.
	28/09/07	56210	15 628.26	
	31/08/07	55956	7 998.24	
	28/09/07	56211	5 937.12	
	31/08/07	55956	10 236.06	
Actebis 268 cc	19/07/07	55687	6 247.20	Sole supplier for disposal of globes.
JJ du Plessis	23/07/07	55693	10 260.00	Only contractor that could render services locally.
	21/09/07	56131	30 960.00	
Waltons Stationery	05/09/07	55999	2 024.46	The only supplier that responded to request for quote.
Die Courier				The only locally distributed newspaper in town.
Die Burger	26/09/07	56197	6 900.87	Daily published newspaper circulated in the Western Cape including Beaufort West.
	28/08/07	55867	2 179.22	
Beaufort - Wes Stene	27/08/07	55846	3 990.00	The only available supplier to transport 180/50 bags from George to Beaufort West.

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Ideal Lighting & Electrical	31/08/07	55966	11 985.60	Only supplier that could supply SF Curve 1 breakers 60 Amp. Products are not manufactured any more.
Erideo enterprises	20/08/07	55802	13 668.60	Specialized electrical repair service delivered by supplier.
Beaufort West Verspreiders	31/08/07	56229	4 709.13	Invoice-13704 The only supplier that responded to request for quote. Inv 13821- Only 2 suppliers responded to request for quote.
Beaufort West Security	26/09/07	56199	7 660.80	Emergency requirement after precast wall was damaged by windstorm and vandalism took place.
Beaufort Alarms BK	12/09/07	56045	8 317.78	Only local supplier that can install an alarm system immediately because of vandalism that took place on the rugby stadium.
Combined Systems	11/09/07	56019 56020 56021	29 097.54	Current service provider of the Asset Register software for the Beaufort West Municipality.
Duneco	06/09/07 28/09/07	56002 56206	12 335.94 14 376.08	Only available TBL machine that the municipality could hire. Only two suppliers who can deliver materials on site provided quotes.
Karoo Beton Werke	26/09/07 28/08/07	56168 55864	11 307.85 6 314.81	The only supplier locally that manufacture precast concrete paving products.
Penny Pinchers	31/08/07	55986	2 595.16	Only two local suppliers that can supply the products.
Nampak Tissue	31/08/07	55988	2 529.89	Only two suppliers who can deliver materials on site provided quotes.
The Card Production Facility	07/09/07	56014	7 114.50	Transversal contract with Government supplier issues driving licence cards.
Mega Roller Shutter Doors	17/09/07	56103	16 797.90	Impractical to obtain quotes for service and maintenance of roller shutter doors

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Bernini Craft	26/09/07	56198	18 696.00	The only local supplier.
Elster Kent Metering	28/08/07 28/08/07 28/09/07	55871 55872 56223	8 800.80 3 567.50 4 467.38	Sole supplier, manufacturers of existing prepaid water metering service.
De Aar stone Crushers	27/09/07 28/08/07	56202 55863	22 344.00 21 705.60	Nearest supplier that could deliver crusher dust. Only supplier that could deliver crushed stones, our other suppliers - Greater Karoo Crushers are closed and Volmoed are sold.
Canon	27/09/07 28/08/07	56194 55882	7 899.93 15 718.92	The only two suppliers that responded to request for quote.
WG Job Stene	02/08/07 03/08/07	21741 55750	2 200.00 3 300.00	Only supplier that have bricks available.
Karoo Fire	27/08/07	55842	2 140.00	Agent. Only supplier locally that could service and supply fire extinguishers.
Litterman	02/08/07	55743	2 300.00	Sole supplier that manufacture litter pickers.
N Molewitz	16/07/07	21630	2 000.00	Only available transport service provider for the transport of CDW's from Nelspoort to Beaufort West.
Probou	31/08/07 31/08/07 31/08/07 31/08/07 31/08/07	56156 56154 56154 56154 55817	2 450.00 5 940.50 4 200.00 5 950.00 2 336.40	Inv2825, inv2819, 4779 & inv2829-The only two suppliers that responded to request for quote. Inv-2809-Only available transporter that was available to transport drums tar from Cape Town.
T Botha	24/07/07	55700	2 635.90	Supplied medals for Marathon
SV Vervoer	31/07/07	55733	3 960.13	Only available local supplier that could provide roller for hire.
CZ Electrical	27/09/07	56193	2 390.00	Inv-9882 - Only supplier that could deliver services at that time.
Jay Clebert &	27/09/07	56179	2 280.00	Official service provider for broadcasting insert on KYK NET.

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Associates	31/08/07	55972	30 210.00	
Newborn Fashions	31/08/07	55976	4 400.00	Repair stitch and packing of medals for Marathon.
Huber Technology	31/08/07	55965	6 213.00	Sole supplier that installed system for sewerage works and are the only one that can do the repairs and maintenance of hardware.
Ceramco	28/08/07	55884	6 154.97	Only two suppliers that can supply sewerage rods and tools.
Coca Cola Beaufort West	29/08/07	55892	3 372.52	Main wholesaler distributor for cool drinks for the Marathon.
Syntell	27/09/07	56177	27 512.76	Repairs to traffic light system. Not practical to ask multiple suppliers to quote.
Nuweveld Pharmacy	04/10/07	56298	4 774.14	Only supplier willing to render services to the municipality.
	04/10/07	56299	4 092.12	
Perfecto Builders	27/11/07	57243	8 924.84	Only available supplier.
	04/10/07	56285	2 039.96	
Spectrum Communications	09/10/07	56332	6 061.27	Sole Supplier of telemetry equipment
Momar Sales	15/08/07		15 675.00	Sole Manufacturer of Descalers for swimming pools.
	23/10/07	56461	3 180.60	
	23/10/07	56460	1 026.00	
	27/11/07	57239	1 860.48	
Elite Labels	20/12/07	57404	6 156.00	Supplier of tickets for swimming pool
Ace Mowers Sales	18/12/07	57393	4 508.73	Agent- for supply of specific spares for vehicles.
Trans Atlantic Equipment	28/12/07	57476	2 850.00	Product maintenance and service. Service of speed guard calibration
M.A Nkanyezi	19/12/07	23810	6 000.00	Sole supplier in crafting locally-Art & Crafts Centre.

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Ububele Alfa Chemicals	28/11/07	57259	2 192.31	Specialized electrical repair service delivered by supplier.
Outback Promotions	23/10/07	56450	7 660.80	Specialized bags with municipal logo.
Much Asphalt	26/10/07	57043	16 598.90	Only supplier that supply tar loose.
C & C Fitters	02/10/07	56249	10 496.92	Only supplier locally that supply blinds and carpets.
Karoo Beton Werke	18/10/07	56412	2 394.00	The only supplier locally that manufacture precast concrete paving products.
Penny Pinchers	13/08/07 30/07/07	56282 56282	10 624.80 2 896.59	Agreement with supplier to deliver cement. Sole supplier of pine in town.
Ingersoll Rand	04/12/07 03/10/07	57327 56276	4 147.08 2 062.88	Agent - for special engine parts for vehicles
Southern Cape Bolt	21/08/07	56318	4 656.00	Specially designed padlocks
J Scholtz	05/10/07	56302	33 544.50	Sole available supplier to deliver service in town.
Elster Kent Metering	11/12/07 20/12/07 20/12/07 22/11/07	Orderno.8961 57403 57402 57169	46 170.00 8 800.80 4 078.91 446 310.00	Sole supplier, manufacturers of existing prepaid water metering service.
Karoo Fire	31/10/07 20/12/07	57059 57435	2 589.50 2 943.00	Agent. Only supplier locally that could service and supply fire extinguishers.

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Rocla	15/11/07	Orderno.8650	25 571.94	Sole Manufacturer of RP culverts
Ubertech	27/09/07 27/09/07 21/08/07	56178 56187 55819	4503.00 14298.45 28596.90	In terms of the delegated authority of the Municipal Manager on 27 November 2006 that procurement and repairs of hard& software of computers with a maximum amount of R30 000.00 may be procured from council's current contracted suppliers.
Welcomp Computers	31/08/07 31/08/07	55985 55987	9213.22 26538.30	In terms of the delegated authority of the Municipal Manager on 27 November 2006 that procurement and repairs of hard& software of computers with a maximum amount of R30 000.00 may be procured from council's current contracted suppliers.
Karoo Fire	31/10/07 20/12/07	57059 57435	2 589.50 2 943.00	Agent. Only supplier locally that could service and supply fire extinguishers.
Ubertech	17/10/07 27/11/07 21/08/07	56386 57236 55819	29 755.14 18 867.00 28596.90	In terms of the delegated authority of the Municipal Manager on 27 November 2006 that procurement and repairs of hard& software of computers with a maximum amount of R30 000.00 may be procured from council's current contracted suppliers.
Bru-Pumps & Services	06/12/07	Orderno.8927	R 58550.40	No public advertisement for quotes was done. Quotes requested from Council's suppliers database. In terms of Council's Preferential Procurement Policy Preferential Points should be allocated to all procurement above R 30 000. The invitation to quote did not include these sections.
Penta Draad	27/12/07	Orderno.9055	R 67 515.17	No public advertisement for quotes was done. Quotes requested from Council's suppliers database. In terms of Council's Preferential Procurement Policy Preferential Points should be allocated to all procurement above R 30 000. The invitation to quote did not include these sections.
Welcomp Computers	21/12/07 25/10/07	Orderno.9048 57009	R 11 330.00 R 4 780.99	In terms of the delegated authority of the Municipal Manager on 27 November 2006 that procurement and repairs of hard&

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	13/11/07 28/12/07 05/10/07 05/10/07	57117 57467 56305 56296	R 3 201.73 R 5 549.29 R 3 175.77 R 7 417.36	software of computers with a maximum amount of R30 000.00 may be procured from council's current contracted suppliers.
Trucon G Pietersen Karoo Frame Traders Sincede		Disposal of Rock from channel Excavation	R 128 250.00 R 58 723.50 R 95 205.00 R 54 150.00	In terms of Council's Preferential Procurement Policy Preferential Points should be allocated to all procurement above R 30 000. The invitation to quote did not include these sections.
Price Waterhouse Coopers Bridging Concepts Financial Services (Pty)Ltd		Risk Management Systems	R 225 150.00 R 68 480.94	In terms of Council's Preferential Procurement Policy Preferential Points should be allocated to all procurement above R 30 000. The invitation to quote did not include these sections.
TelRecon CC NUS Consulting Group C.A.S Communications Consultants		Audit – Telkom Accounts		In terms of Council's Preferential Procurement Policy Preferential Points should be allocated to all procurement above R 30 000. The invitation to quote did not include these sections.

Document #	Date	Amount	Service Provider / Supplier	Description	Deviation	Paragraph
58145	2008/04/18	R 10 000.00	MULLER HANDELAARS	Construction and reinforcing of Wind pump Tower- Merweville	Sole service provider	P10.3.1.(b)
15004560	2008/06/25	R 11 585.82	SPECTRUM COMMUNICATION	Maintenance on the Telemetry System	Sole service provider	
15002618	2008/05/27	R 10 140.30	SPECTRUM COMMUNICATION	Maintenance on the Telemetry System	Sole service provider	
15002617	2008/05/27	R 15,669.30	SPECTRUM COMMUNICATION	Maintenance on the Telemetry System		
58425	2008/06/18	R 2 964.00	BEAUFORT ALARMS	Installation of Alarm System- Fountain Borehole Pump	Sole service provider	

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15001897	2008/04/29	R150 792.91	ELSTER KENT METERING	Sole Supplier of Prepaid Water meter System	Sole service provider	
15002152	2008/05/26	R 4 181.89	ELSTER KENT METERING	Sole Supplier of Prepaid Water meter System	Sole service provider	
15001898	2008/04/29	R 5 400.00	ELSTER KENT METERING	Sole Supplier of Prepaid Water meter System	Sole service provider	
15002646	2008/06/02	R 34 068.90	UBERTECH	Information Technology Service Provider	In terms of the delegated authority of the Municipal Manager on 27 November 2006. Procurement and repairs of hard& software of computers with a maximum amount of R 30 000.00 may be procured from council's current contracted suppliers.	P10.3.1.(d)
15001997	2008/05/06	R 17 034.45	UBERTECH	Information Technology Service Provider		
15002638	2008/05/30	R 27 320.10	UBERTECH	Information Technology Service Provider		
15002022	2008/05/07	R 2 931.85	WELCOMP COMPUTERS CC	Information Technology Service Provider		
15001483	2008/04/03	R 17 692.20	WELCOMP COMPUTERS CC	Information Technology Service Provider		
15002647	2008/06/02	R 8 846.10	WELCOMP COMPUTERS CC	Information Technology Service Provider		
15004605	2008/06/30	R 8 846.10	WELCOMP COMPUTERS CC	Information Technology Service Provider		
58111	2008/04/14	R 18 015.01	WELCOMP COMPUTERS CC	Information Technology Service Provider		
15001876	2008/04/23	R 23 440.85	WELCOMP COMPUTERS CC	Information Technology Service Provider		
15002159	2008/05/26	R 19 101.27	WELCOMP COMPUTERS CC	Information Technology Service Provider		
15001474	2008/04/01	R 3,400.00	B&B SWEISWERKE	GENERAL REPAIRS & MAINTENANCE	Ad-Hoc repairs to plant & equipment where it is not possible to ascertain the nature of the work required or in terms of a guarantee	Paragraph 10.3.1 (d)(vi)
15002066	2008/05/21	R 21,758.75	B&B SWEISWERKE			
15004138	2008/06/18	R 8,365.65	B&B SWEISWERKE			
15002062	2008/05/21	R 53,612.93	BARLOW'S EQUIPMENT			
15004141	2008/06/18	R 5,338.62	BW PRESISIE MOTOR ING			
15001882	2008/04/23	R 13,072.39	BW PRESISIE MOTOR ING			

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15002064	2008/05/21	R 3,433.68	BW PRESISIE MOTOR ING
11026428	2008/04/16	R 2,879.14	CAPE MOWERS
15002050	2008/05/20	R 10,889.44	CP NEL DELTA
15004513	2008/06/23	R 2,513.29	CZ MECHANICAL REPAIRS.
15002052	2008/05/20	R 2,423.38	CZ MECHANICAL REPAIRS.
11026982	2008/05/23	R 2,916.00	DD & PJ AUTO ELECTRICAL
15004532	2008/06/24	R 50,502.00	POWER ECONOMY DISTRIBUTION
15004535	2008/06/24	R 2,526.18	F & R PHAKISA OPERATIONS
15001990	2008/04/30	R 3,394.19	GEORGE LAWNMOWERS & CHAINSAWS
15004537	2008/06/24	R 6,655.40	HYDRABERG HYDRAULICS
15001899	2008/04/29	R 9,045.90	KAROO MOTORS WERKSWINKEL
15002162	2008/05/26	R 27,538.99	KAROO MOTORS WERKSWINKEL
15004541	2008/06/24	R 18,844.20	KAROO MOTORS WERKSWINKEL
15002161	2008/05/26	R 4,127.25	KRIESS HYDRAULICS CC
15002160	2008/05/26	R 4,191.78	KRUIPER SPARES (PTY)LTD
15001502	2008/04/22	R 2,259.54	MOTOLEK
15004555	2008/06/25	R 18,523.12	NEL'S TRUCK & CAR REPAIRS
15002613	2008/05/27	R 20,503.74	PIENAAR BROS
15002015	2008/05/06	R 2,373.59	PIENAAR BROS
11027424	2008/06/12	R 3,000.00	PRESSURE SEALERS SERVICE
19000704	2008/04/04	R 2,850.00	PROCON
15001882	2008/04/23	R 13,072.39	BW PRESISIE MOTOR ING
15002064	2008/05/21	R 3,433.68	BW PRESISIE MOTOR ING
11026428	2008/04/16	R 2,879.14	CAPE MOWERS
15002050	2008/05/20	R 10,889.44	CP NEL DELTA
15004513	2008/06/23	R 2,513.29	CZ MECHANICAL REPAIRS.
15002052	2008/05/20	R 2,423.38	CZ MECHANICAL REPAIRS.

APPENDIX I: SUPPLY CHAIN MANAGEMENT IMPLEMENTATION REPORT 2007/08

11026982	2008/05/23	R 2,916.00	DD & PJ AUTO ELECTRICAL			
15004555	2008/06/25	R 18,523.12	NEL'S TRUCK & CAR REPAIRS			
	2008/06/09	R13 844.90	DIE COURIER	Advertising Service Provider	Any contract relating to the publication of notices & advertisements by the municipality	Paragraph 10.3.1 (d) (i)
	2008/06/23	R15 632.30	DIE COURIER	Advertising Service Provider		
	2008/05/21	R 30 271.50	DIE COURIER	Advertising Service Provider		
	2008/04/23	R 8,573.35	AYANDA MBANGA COMMUNICATIONS	Recruitment Advertising Service Provider		
	2008/06/24	R 7,014.55	AYANDA MBANGA COMMUNICATIONS	Recruitment Advertising Service Provider		
	2008/05/26	R 38,100.00	SM CONSULTANTS CC	Collection of Traffic Fines with Warrants of Arrest	The appointment of a person or a service provider to render professional services for less than R 200 000	Paragraph 10.3.1 (d)(v)
	2008/04/02	R 22,572.00	SM CONSULTANTS CC	Collection of Traffic Fines with Warrants of Arrest		
	2008/05/14	R 8,407.50	CRAWFORDS	Chairperson: Disciplinary Hearings		
	2008/04/30	R 7,881.90	CRAWFORDS	Chairperson: Disciplinary Hearings		
	2008/06/17	R 3,240.00	CRAWFORDS	Chairperson: Disciplinary Hearings		
	2008/05/22	R 17,100.00	QUIDITY CC	Professional Service- Draft of Policies- Records Management & Control		
	2008/04/10	R 63,000.00	CVW MEGANIES & ELEKTRIES	Draft of Electricity Master Plan		
	2008/05/06	R 6,821.76	IMQS SOFTWARE (PTY) LTD	Electricity Monitoring Software		
	2008/05/23	R31,142.00	WM VAN DEN HEEVER	Surveying Services- Greenfields Housing Project		
	2008/06/13	R 5,000.00	LC JONAS	Professional Service: Submission of NDPG application to NT- No quotes		
	2008/06/05	R 23,940.00	CHRIS SWARTZ	Technical Evaluation- Potable Water	Deviation approved on 04-01-08	Paragraph 10.3.1 (d)(v)

7. AWARDS TO CLOSE FAMILY MEMBERS OF PERSONS IN THE SERVICE OF THE STATE

In terms of Regulation 45 of the Supply Chain Management Regulation, awards to close family members of persons in the service of the state must disclose particulars of awards of more than R 2000 in the Annual Financial Statements.

The following bids were awarded to a person who is a family member of a person in the service of the state:

Business	Date	Cheque	Amount	Interest
B Chalmers- Catering for Women's Parliament hosted in Beaufort West		21904	R10 000.00	Husband, Mr. M Chalmers employed with the Department of Correctional Services.
B Chalmers- Catering for Council's year-end event	19/12/07	23841	R 4 410.00	Husband, Mr. M Chalmers employed with the Department of Correctional Services as Corrections Officer.

8. Awards to persons in the service of the state

In terms of Council's Supply Chain Management Policy, Paragraph 1.15.2.1, the municipality is prohibited from doing business with any person in the service of the state.

The following deviations from this paragraph were approved by the Accounting Officer:

Supplier	Date	Cheque #	Amount R	Reason for deviating
PJ Sound & Vision (Owner – PJ Julies: Vehicle Inspections Officer)	07.10.02 07.11.07 07.12.13 07.12.13 07.12.27	23192 23357 23715 23778 23887	750.00 1 200.00 1 000.00 2 500.00 500.00	Only supplier available to render comprehensive sound provision service, which includes supply, delivery, set-up as well as staff to operate the equipment.

9. Logistic, Disposal and Risk Management

The SCM unit must provide an effective system to ensure the setting of inventory levels, placing of orders, receiving and distribution of goods, stores and warehouse management, expediting orders, vendor performance, maintenance and contract administration as well as provide for an effective method of disposal and letting of assets which is inclusive of redundant and obsolete stock. Such systems must also have in place mechanisms to identify, consider and avoid potential risk in the SCM system.

9.1 Setting of Inventory levels

The inventory levels are constantly being monitored and updated with the assistance of the relevant user departments. The appointment of a Stores: Clerk has alleviated much of the capacity problems experienced in the past, but have we achieved a vat improvement.

9.2 Inventory Control

The stock take for the 2007/8 financial year took place on the 28 June 2008. This stock take was however not pre-empted with regular quarterly checks or ad hoc spot-checks and is a review of vital importance in order to reduce the risks of theft, pilferage and erroneous allocation of transactions. In order to address these risks the Supply Chain Management Practitioner will be conducting regular ad hoc inspections and scheduled quarterly stock-takes with the assistance of the Internal Auditor.

9.3 Placing of orders

Copies of all orders are kept onsite and outstanding orders are followed up on a regular basis. The appointment of the Stores: Clerk alleviated the pressure experienced by the vacancy during the previous reporting period and has the improved ability to follow up on outstanding orders led to an improvement in our aged creditor's book.

9.4 Receiving and distribution of goods

The receipt and distribution of goods are recorded online. This enables us to regularly do spot checks on stock as well as a full formal stock take at the end of the financial year. The only major shortcoming experienced was with the issuance of electrical cable as access to the commodity was controlled by the office of the Director: ElectroTechnical Services. A full stock count was however performed with the cables being measured accurately and has our records being adjusted accordingly. Access to the cable store has been restored to that of the Stores personnel with the accompanying accountability.

9.5 Vendor performance, maintenance and contract administration

Vendor performance is monitored continuously and problems are promptly addressed. Vendor records are also updated on a regular basis and contract administration are performed regularly to ensure service delivery.

9.6 Effective method of disposal and letting of assets

The procedures include public invitation when Council assets come up for letting or selling.

9.7 Redundant and obsolete stock

Redundant and obsolete stock are written off in terms of Council's Asset Management Policy and disposed of at public auction. A successful public auction was conducted on 23 May 2008 to alienate redundant stock, obsolete equipment and scrap metal. Bids were also invited via public advertisement for the disposal of scrap metal for a period of six months in order to ensure the regular disposal and to limit the loss of this valuable commodity.

9.8 Mechanisms to identify consider and avoid potential risk in the SCM system

The potential of risks are identified on a case by case basis when the specifications of a particular requirement are drawn up. Individual transactions are scrutinized by the heads of department with the relevant delegation of authority to ensure compliance

with the SCM policy and further scrutiny is placed on the transactions before the payment is made by the office of the CFO.

Further measurements of risk management are also included in the policy via the section dealing with ethical standards and the ethical conduct of officials dealing with SCM. These documents incorporated National Treasury's Ethical Code of Conduct.

A thorough analysis of the risk appetite of the municipality has been undertaken during the 2007/8 financial year and will due cognisance be taken to the risk management model that was recommended.

10. Recommendations

That the following timeframe be implemented to address the outstanding issues as addressed in the report and hat progress in terms of implementation of these issues be reported as part of the quarterly reports to the Executive Mayor:

Action	Date of Implementation	Responsible Official
1. Implementation of written sub-delegations	01 October 2008	Manager: SCM
2. Preferred Suppliers Database	31 August 2008	Manager: SCM
3. Introduction of Procurement Procedures	01 April 2009	Manager: Expenditure
4. Auction	30 April 2009	Manager: SCM
5. Amendment of the Organogram	31 March 2009	Director: Financial Services

11. Summary

The implementation of Supply Chain Management in the municipality has become an accepted reality in the municipality.

Projects and procurement is being planned with cognisance of the requirements of the Supply Chain Management legislative framework. However more work should be done in order to improve strategic sourcing to enhance the value the municipality can derive in improved sourcing and supplier development.

The current shortcomings in the implementation of the Supply Chain Management Policy are constantly addressed. Council's SCM policy fully complies with the requirements of the SCM Regulations, and is ideally set to ensure that procurement processes of the municipality is fair, equitable, transparent, competitive and cost-effective and comply with the prescriptions of the Municipal Finance Management Act.

J Booysen

Municipal Manager